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NEWS SUMMARY

GENERAL

U.S. aid for Gulf defence offered

The U.S. is prepared to send "defensive" military equipment to nations in the Gulf provided they remain neutral in the Iraq-Iran conflict.

The State Department said U.S. *ambassadors in the region* had begun talks with Saudi Araiba, Oman, Kuwait and the United Arab Emirates on their needs should the war spread.

The U.S. has also offered to make intelligence data from *four* advanced warning and control radar aircraft dispatched to Saudi Arabia available to these countries. **Back Page**

Friendship pact

Syrian President Hafez Assad and Soviet leader Leonid Brezhnev signed a treaty on friendship and co-operation.

Labour date

Labour's special conference to decide on a method of electing future party leaders will be held at Wembley on January 24.

Dissident recants

Religious activist Viktor Kapitanchuk pleaded guilty to charges of anti-Soviet agitation and recanted his "criminal actions."

Troops out

Another 450 soldiers are being pulled out of Northern Ireland, the Army said.

Paperwork

Security printers Bradbury Wilkinson opened an £8m factory in Cornwall to cope with increased demand for bank notes caused by world-wide inflation.

Dynamite deaths

Eight died and three were injured when stores containing 450 tonnes of dynamite exploded at a Saudi Arabia chemical plant.

Nine gassed

Nine were killed and at least *four injured when a pipe burst* releasing ammonia gas being *unloaded into tank trucks* in Mexico City.

'Bury mummies'

President Anwar Sadat called for the reburial of mummies on display in Egyptian museums.

Tampon charge

Tampax and Southalls, tampon *manufacturers*, were criticised by the Monopolies and Mergers Commission for abusing their power to charge excessive prices.

Cyanide suicide

Dr. John Goundry, who claimed to have invented a "mercy death pill," died of 50 times the lethal dose of cyanide, an inquest was told.

Handsome find

A 720 oz gold nugget, possibly *the world's biggest, has been* found in Australia. Its *discoverers have named* it "The Hand of Fate" because of its shape.

Mug shot

Police sealed off Covent Garden in a full-scale alert after rumours of "armed men" on a rooftop. They interrupted a Time Out *magazine photo-session.*

Briefly . . .

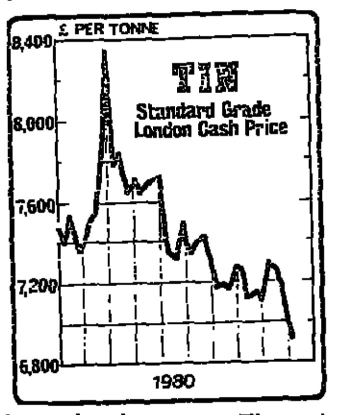
***Biggest pools** win of the season.* £850,000, was presented to *former* police sergeant Joe Fryer.

Former Marine Commando Danny Stokes was awarded £48,337 damages after being trapped *in a diving bell.*

BUSINESS

Tin price falls to 13-month low

● **TIN** prices in London fell to their lowest level since



September last year. The cash price lost £75 to £6,905 a tonne. Page 39

● **GILTS** moved down on the *view that there will be no early* cut in MLR. The FT Government Securities index fell 0.17 to close at 70.94. Page 40

● **EQUITIES** followed suit. The FT 30-share index closed 3.8 *down* at 479.5. *Page 40*

● **DOLLAR eased slightly to DM 1.8035 (DM 1.8045). Its trade-weighted index remained at 83.4. Page 30**

● **STERLING** *rose 15 points to* **finish at $2.3935. Its index was** *unchanged at 75.8. Page 30*

● **GOLD** lost $2 in London to close at $676.50. Page 30

● **WALL STREET** was 2.90 up at 963.57 near the close. Page 29

● **BANK OF ENGLAND** facility allowing banks to borrow up to £750m through the sale and repurchase of Government securities is being extended for another month.

● **FOUR EURODOLLAR** bonds at fixed interest rates were launched, sending prices down half a percentage point. Page 32

● **BRITISH SHIPBUILDERS** *announced* the biggest management reorganisation since the industry's nationalisation. **Back and Page 7**

● **JAPANESE** car makers are to cut exports to West Germany. *Back Page*

● **LUCAS CAV** Microjector is to be used by General Motors of the U.S. for its diesel cars. The deal will eventually be worth £20m a year. **Back Page**

● **ERNST AND WHINNEY**, U.S.-based international accounting firm, is to open an office in China. Page 32

● **COAL BOARD** is mounting sales drives at home and abroad to combat falling demand in *the UK.* **Page 6**

● **FLOUR MILL** maintenance workers' threatened strike action over pay was deferred for a week.

COMPANIES

● **NCR CORPORATION**, U.S. computer and office equipment group, increased third quarter *net income by 15 per cent to* $54.5m (£22.7m). Page 32

● **MOULINEX**, French domestic appliance manufacturer, saw first half net profits drop from FFr 50.6m to FFr 35m (£3.4m). **Page 33**

● **VOSPER** shipbuilding group's pre-tax profits dropped from £995,981 to £373,044 in the six months to *April 30.* **Page 26**

● **EMPIRE STORES** (Bradford), the mail order concern, reports first half taxable profits down to £2.32m (£3.49m) after failing to meet sales targets. ***Page 26: Lex, Back Page***

● **ROCKWARE GROUP**, glass and plastic container manufacturers, raised first half pre-tax profits from *£1.2m to £3.52m*, but is not declaring an interim *dividend.* **Page 26: Lex, Back**

Prior resists calls for tougher trade union legislation

BY RICHARD EVANS, LOBBY EDITOR, IN BRIGHTON

MR. JAMES PRIOR, Employment Secretary, yesterday firmly resisted Right-wing Con*servative Party pressure for* much tougher legislation against the trade unions.

He will now be able to go ahead with publication of his Green Paper on trade union immunities before the end of the year—slightly later than originally planned — in the knowledge that consultations with the TUC, the Confedera*tion of British Industry* and other interested groups need not be too rushed.

Despite the demands of the Tory Right, which stressed the need for more effective legislation curbing the closed shop, there is no prospect of a further Bill limiting trade union *power and privileges in the* coming Parliamentary session.

Mr. Prior's impressive conference performance was given a standing ovation from at least three-quarters of the representatives, but for how long he will be able to contain the Right-wing pressures is open to question.

Another battle within the *party is certain to be fought* next year. The outcome will depend on the attitude of the trade unions to Mr. Prior's Employment Act and on the industrial atmosphere during the winter.

Mr. Prior has gained a valuable breathing space for his gradualist tactics but no more. *Mrs. Thatcher is apparently* willing to accept his tactics at present but events might persuade her to support Right-wing pressures next year for further action.

The key passage in Mr. *Prior's* speech was when he said: "Our main objective must *be to go at a pace acceptable* to public opinion; to carry with us the support of the shopfloor for what we are doing and in that way to make our changes in the law stick. It is comparatively easy to pass laws. Nothing is more damaging, however, for Parliamentary democracy than *to pass laws that cannot be* enforced."

In a further passage he warned that trade union extremists would love to form a united front against Government legislation. "They would love us to give them something on which they could all unite, in which the *extremists* could get the moderates on their *side . . . By God, I am not going* to give them that chance."

A Right-wing opponent of Mr. Prior, Mr. George Gardiner, MP for Reigate, said after the debate that the right time to act would be as soon as the Green Paper consultations were complete. "If Mr. Prior is not ready to shoulder his responsibilities then he should make way for someone who will."

The other significant element in yesterday's debates was the degree of anxiety about the impact of the Government's economic policies expressed during the discussion on jobs, free enterprise and industry.

Concern focussed on the need to reduce interest rates quickly *before more companies went* bankrupt and more jobs were lost, but Sir Keith Joseph, Industry Secretary, could offer little comfort when responding to the debate.

In a considered but deliberately low key appraisal of economic strategy, Sir Keith *claimed to offer a message of* hope, but it was directed some way into the future. He offered precious little comfort in the coming months and received a worried and lukewarm response, with no standing ovation.

His central message was that it would take "some years" of understanding and co-operation by *management, trade unions and wage earners for Britain* to become competitive again after the mistakes of the past decades.

The mounting anxieties made evident to Sir Keith are certain to be echoed and developed in

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Conference reports, Page 12

Halewood men warned to increase Escort output

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A WARNING that "the Ford Escort will be the last new car to go to Halewood" unless the workforce at the Merseyside plant improves its performance was given yesterday by Mr. Sam Toy, new chairman of Ford of Britain.

Halewood, recently *modernised at the cost of* £207m, has been producing an *average of between only 250* and 300 new model Escorts a day compared with the scheduled 450 to 500.

About half the shortfall has been due to "niggling labour disputes and labour inflexibility," he said, although Ford admits that it might have been attempting to build up production from new equipment *more quickly than was realistic.*

The group's determination to improve productivity at all its plant by introducing new working methods has also made the position at Halewood worse.

Mr. Toy said that the schedule for Halewood was not set at a particularly high level. It was below that for the Saarlouis plant in West Germany where the Escort is *also* produced.

"The fellows just are not *giving up the co-operation we* were looking for. There needs to be a dramatic improvement in some areas," he commented.

"The whole of our organisation and industrial relations people are working on this daily to get it through to the fellows that they must produce."

By the end of last week Ford had 16,500 firm orders for the *new Escort. So far, Halewood* has produced 8,600, about 6,000 short of target.

Output of the old Escort a a less-complicated car to assemble reached 1,000 a day at peak periods.

The company so far has no plans to bring in more Escorts than previously planned from West Germany. But Mr. Toy made it clear this was a possibility. "This is why we are structured on a European *scale, so as to have that flexibility.*"

Ford was usually "twice as efficient and twice as productive" *at Saarlouis as at its* British plants.

Of the cash so far spent at Halewood, where 11,000 are *employed, in the body and* assembly plants, £130m was *directly associated with the* introduction of the new Escort —the only car made there. The U.S. board recently authorised another £135m to be spent by 1985 for further improvements.

Car regisirations, Page 7: Japanese car exports and Lucas deal, Back Page

Fraser poll hits Sydney shares

BY JAMES FORTH IN SYDNEY AND PATRICIA NEWBY IN CA NBERRA

A SERIES of opinion polls forecasting defeat for the Liberal National Country coalition of Mr. Malcolm Fraser, the Prime Minister, in the Australian general election on October 18 has led to one of the heaviest bouts of selling in years on the *Sydney stock exchange.*

After a fall of 28 points of the Sydney *All Ordinary Shares* Index on Tuesday, the market *fell another 19.34 points* yesterday to reach 949.80. This amounted to a loss of 4.7 per cent for the two days.

Despite talk among dealers that a correction to the recent rapid upsurge of share prices was overdue it was clearly the polls which triggered the *sudden fall.*

Yesterday the Morgan Gallup *poll published by the weekly* news magazine The Bulletin *showed Labor Party support at* 50 per cent compared with the Liberal-National Country coalition at 43 per cent.

This was an improvement in one week of 3 percentage points in support for the Labor Party, led by Mr. William Hayden. The poll was taken over the *weekend of September 27 and* 28 before the parties opened *their campaigns.*

Selling on the stock market *was across the board,* with dramatic falls by market heavyweights such as Broken Hill Proprietary. Speculative oil and mine exploration stocks, which had been setting the pace for the market's recent rise, also *fell sharply.*

The polls suggest that there has been a marked swing *to* Labour among the middle class, middle income voters, and that the leadership qualities of Mr. Hayden, who took over from Mr. Gough Whitlam as head of the party after Labor's defeat in December 1977, *have played a* large part in rallying support to Labor.

Mr. Hayden's approval rating is now 45 per cent and Mr. Fraser's 37 per cent.

Mr. Fraser's party has responded to the bad news from the opinion polls by embarking on a more *aggressive* campaign to highlight the difference be*tween the Government and oppo*sition.

The Prime Minister has given major speeches warning of the Socialist influence of Labor's Left wing and accusing it of being an apologist for the Soviet Union.

He has reminded the electorate *repeatedly of the disas*trous economic management of the Whitlam Labor Government. Labor's current package of promises.

Labor is plugging on with its campaign tactics of promising a *better deal for Australian* families through tax cuts, job *creation, a freeze on petrol* prices and better housing, health care and welfare benefits.

Review of state finance controls

By Elinor Goodman, Lobby Staff

THE GOVERNMENT has asked its policy advisers to draw proposals for supplementing the existing financial controls applied to nationalised industries.

They have been asked, in particular, to consider ways of preventing nationalised industries from passing on excessive pay settlements by raising prices.

Both the policy unit at *Number Ten, and the Central* Policy Research Staff (the Think Tank), are believed to have been asked to submit their ideas about how nationalised industries' costs can be controlled. Mrs. Thatcher regards this as one of the most serious threats to Government economic policies.

The policy unit is preparing a paper, setting out options, which will be put to the Cabinet's Economic Committee. No immediate decision is expected so any new system is un*likely to be introduced* this year. Instead, the proposals *will be studied in the context of* long-term reform.

In the short term, Industry Ministers are holding discussions with heads of nationalised industries with the aim of establishing their external financing limits for next year.

During these discussions, *Ministers are stressing that the* Government does not wish excess pay settlements to be passed on in higher prices. In most nationalised industries pay settlements should be kept to single figures—passed on in prices.

The Government already has power to block some price increases by nationalised industries as a result of *legislation* inherited from the last Government.

The problem is that the re*straint on prices* could well force nationalised industries to exceed their cash limits. However, the Government is also worried about the impact on the private sector of big price increases by state industries, and the impact on inflation.

At this stage Ministers are reluctant *to* acknowledge that they want a formula to curb *public sector costs. Apparently.* Mrs. Thatcher has made it clear *to some colleagues that she is* determined to find a way of exerting proper control over state industries.

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£ in New York

—	Oct. 7	previous
Spot	$2.3920-3930	$2.3965-3975
1 month	0.64-0.59 dis.	0.65-0.59 dis
3 months	1.28-1.23 dis.	1.35-1.30 dis
12 months	1.90-1.70 dis.	1.75-1.65 dis

Germany may alter stance on EEC steel

BY JOHN WYLES IN BRUSSELS AND JONATHAN CARR IN BONN

WEST GERMANY last night appeared ready to drop its demand for a special meeting of EEC Industry Ministers to review the EEC Commission's emergency plan to help solve the Community's steel crisis *following a day of confusion* and uncertainty in Brussels.

The request for a special ministerial meeting had been conveyed by the Bonn Government earlier in the day after a Cabinet meeting called to decide whether to accept the Commission plan for emergency powers to cut steel production.

This change in the German position, according to a statement from the European Commission, followed assurances from Brussels that full details of the production quotas and the methods for *implementing* the emergency powers would be *provided by the Commission* before the week is out.

This apparently meets the German complaint that much more needs to be known as to how the Commission's blueprint is to be applied in practice.

A further delay in the formal adoption of emergency powers would make no difference to the necessary preparatory work *according to Commission* officials.

The West erman request had already run into considerable re*sistance from other* EEC Governments.

At Tuesday's ministerial meeting in Luxembourg, the German delegation was told during a restricted session that the other eight countries saw no point in holding another meeting after yesterday's West German Cabinet meeting.

Germany was told, moreover, that the other *eight intended* to exercise their majority powers *to give formal approval* in writing by this evening to the Commission's request for emergency powers to cut steel production. The delay in approval was merely to allow Ministers in Bonn to decide their positions, now that their electioneering is over.

Yesterday's move by the Germans is seen as an attempt to negotiate the best *possible* terms and quotas for German *steel in advance of a formal* decision on emergency powers.

While Bonn has grave doubts about the scheme, it is also clearly reluctant to declare the issue one of "vital national interest" thereby vetoing a course supported by the other eight member-states.

The present German policy therefore seems intended partly to win time, in the *faint hope* that European steel producers *may yet be able to agree on an* effective voluntary scheme making drastic Commission action unnecessary.

The Federation of German Industry has quickly spoken out *in favour of voluntary* measures and warned that establishment of a new "supervisory bureaucracy" would threaten all sectors of industry in the EEC, not just iron and steel.

Less predictable was a state*ment issued by the ruling* Social Democrat Party claiming, ironically, that it was not "so-called socialists" but Brussels bureaucrats who were undermining the market economy. *It* urged that every effort be made to prevent the *extension to steel* of the distortions affecting the European agricultural market.

Apart from this ideological resistance to the Brussels proposals, the West Germans have two other main reasons for not wanting to be locked into a crisis plan under Article 58 of the Treaty of *Paris establishing* the European Coal and Steel Community.

It is widely felt that measures under this Article alone will not be effective and that further steps — establishing minimum prices under Article 61 and import controls under Article 74—would have to follow. It is believed that such a package *would be bound to bring sharp* counter-measures from non-EEC *nations.*

Further, representatives of the largely privately-organised German steel industry often argue that they have carried through tough rationalisation measures over the last few years while several key EEC competitors have maintained surplus capacity *financed* by large State subsidies. They feel the *establishment of production* quotas now would, in effect, *penalise them for their virtue.*

However, the German steel industry has not been showing a wholly united front, Kloeckner-Werke has been accused by some of its domestic competitors of undermining the EEC voluntary agreement on production ceilings, and its membership of the German Iron and Steel Industry Association has been *suspended.*

Kloeckner rejects the *criticism and says it would be* ready to participate in a new accord. But it argues that it was particularly disadvantaged under the previous agreement, and that a new arrangement must bring a fairer sharing of burdens.

Alan Pike writes from Madrid: Acceptance is growing among European steel companies that *mandatory production controls*

Continued on Back Page
EEC steel safety net

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			Glaxo	222	− 8
Country & N. Town	59	+ 4	Grovebell	6	− 6
Crouch Group	154	+ 6	Harris Queensway	142	− 12
Ductile Steels	70	+ 4	Kean & Scott	105	− 10
Finlan (J.)	83	+ 6	Rockware	63	− 7
House of Lerose	65	+ 4	Thorn EMI	338	− 11
Ibstock Johnsen	71	+ 7	Vosper	79	− 16
Kleinwort Benson	236	+ 6	Yarrow	200	− 7
Lawtex	58	+ 6	Aran Energy	325	− 25
Mercantile House	323	+ 21	IC Gas	262	− 16
Moss Bros.	215	+ 15	KCA	142	− 6
Paradise (B.)	56	+ 8	Cent. Pacific Mins	360	− 20
Somportex	325	+ 15	EZ Inds.	310	− 20
Ultramar	460	+ 10	Gold Mines of Kalgoorlie	490	− 25
MIM Holdings	244	+ 7	Haoma Gold	148	− 18
Western Mining	274	+ 8	Impala Platinum	485	− 15
FALLS:			Pancontinental	365	− 20
Exch. 13½pc 1992	£100⅝	− ½	*Poseidon*	307	− 17
Alexanders Discount	253	− 11	RTZ	442	− 8
Austin (F.) (Leyton)	5	− 2½	Tanks Cons.	312	− 11
Empire Stores	130	− 10			

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EUROPEAN NEWS

French leaders seek to calm neo-Nazi row

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Government yesterday went out of its way to counter criticism that it had not done enough to curb the resurgence of neo-Nazi groups and anti-Semitism in France, nor shown sufficient public sympathy for the victims of last weekend's bomb attack on a Paris synagogue.

Following one of the largest and most impressive demonstrations in the French capital for many years, in which some 200,000 people took part in an anti-racist march, both President Valery Giscard d'Estaing and M. Raymond Barre, the Prime Minister, made statements yesterday aimed at calming public opinion.

The President told the Cabinet at its weekly meeting that it was his constant concern that French Jews should be recognised and treated as normal citizens, while continuing to practice freely their religion and retaining their cultural identity.

However, he rejected the interpretations of those who claimed that the attack on the synagogue was a demonstration of fundamental racist and Nazi trends in French society. Only very tiny groups were responsible for such criminal acts, he said.

M. Giscard d'Estaing also described as unjust and unfounded insinuations that the police, which had suffered heavy losses in fighting terrorism recently, had not been active enough in curbing neo-Nazi activities.

His statement appeared to be a reference to the allegations by two police trade unions that as many as one-fifth of the members of a recently banned neo-Nazi group were police officers.

In a declaration to the National Assembly, M. Barre said that the criminals responsible for the attack on the synagogue clearly wanted to undermine the unity of the nation and the foundations of its democratic political system. The authors of the explosion were hoping to trigger a chain reaction of violence, the Prime Minister said.

Appealing to members of all creeds and political persuasions not to respond to provocations, M. Barre promised that the Government would take stringent measures to ban neo-Nazi meetings and organisations and bring to trial those responsible for racist violence.

The Government's assurances, however, did nothing to dampen the criticism of its policies by leaders of the left-wing opposition. M. Francois Mitterrand, the Socialist leader, accused the Government of being much tougher in crushing extreme left-wing than extreme right-wing terrorism. "The victims of the extreme right do not have the impression of being protected by the authorities," he said.

M. Barre: promised stringent measures

Bundesbank given details of loans to Third World

By Stewart Fleming in Frankfurt

DEUTSCHE BANK, the largest West German bank, has sent the Bundesbank information about its overall lending to 12 developing countries.

It emerged last week that the Bundesbank had asked 30 leading West German banks active in foreign lending to supply information about their total exposure in these countries. Much of the banks' lending is conducted through overseas subsidiaries which are not legally required to supply such information.

Several banking regulatory authorities in recent years have been increasing their supervision of overseas loans, partly because of growing concern about the risks involved.

They have also taken the action to help themselves formulate policies concerning the financing of balance-of-payments imbalances between surplus OPEC countries and nations running heavy balance-of-payments deficits induced by oil imports.

The concerns of the central banks in this respect are increasingly shared by the commercial banks, many of which have been making clear that they cannot be expected to bear the added risks associated with the recycling of the re-emerging OPEC surplus.

The Deutsche Bank has released estimates for Euromarket lending which tend to support the view that bankers are becoming more cautious. It also said there is evidence that solvency of borrowers, rather than profitability of specific loans, is playing a bigger role

In the first eight months of this year, according to bank estimates, medium-term Eurolending to developed countries rose by 35 per cent to almost DM 20bn (£4.6bn). In contrast, lending to developing countries has declined from DM 23.4bn to DM 13.4bn, and to Comecon countries from DM 6bn to DM 2bn.

Overall, the bank estimates that medium-term Eurolending is 16 per cent less than the DM 44bn recorded in the first eight months of 1979.

As regards its own business, Deutsche Bank itself said at a news conference that its Luxembourg subsidiary has been very restrained in granting new roll-over credits to foreign customers. In part, this reflects the fact that the bank as a whole is beginning to aproach lending limits in this area of its business.

EEC agrees on aid offer to Portugal of £168m

BY JOHN WYLES IN BRUSSELS

EEC FOREIGN Ministers have agreed to offer Portugal £168m in loans and grants to help develop its economy in advance of possible EEC membership.

However, the total of "pre-accession aid" and its distribution between grants and loans is unlikely to add much lustre to the Community's image for many Portuguese.

Months ago, Lisbon asked for a total of £260m in aid and wanted more than half in the form of direct grants because it did not want to add to the country's heavy debt burden.

However, the Nine have decided that £91.5m of the package will be in the form of European Investment Bank loans to Portugal, the bulk of which would carry 3 per cent interest rate relief. The remaining £76.25m on offer will be non-reimbursible grants from the EEC budget, most of which will be ear-marked for funding joint development projects with the EEC.

The modesty of the aid being extended to Portugal reflects, among other things, the growing pressure on the EEC budget and the reluctance of some member states, notably Britain and France, to make major aid commitments.

USSR builds synthetic oil plant

By Our Moscow Correspondent

THE SOVIET UNION has broken ground for its first oil-from-coal plant, a pilot facility designed to turn 10 tonnes of solid fuel into a quarter of that amount of oil daily.

The plant, which is being built at the Belkovskaya mine in the Moscow coal basin, will be the forerunner of other, larger ones situated in the Kansk-Achinsk lignite fields in central Siberia. If successful, they could help the Soviet Union use the huge deposits there—estimated at up to 600 bn tonnes—to offset their looming oil shortage.

The pilot plant is based on a process developed at the Moscow Institute of Combustible Minerals, which the Russians claim is better than those in use elsewhere.

The coal is crushed to a fine dust, dried in a heated vacuum and mixed with heavy oil and a catalyst derived from oil, according to Soviet officials. After mixing with hydrogen, it is pumped into a heated, pressurized tank where it turns into oil that can be separated into petrol and heavier fractions by boiling.

The Russians say they have found a catalyst that enables them to use lower heat and pressure than other processes. The Moscow Institute, which has been experimenting since 1968, is currently turning out three litres a day by this process. It takes four kilos of coal to produce one kilo of oil.

Plans are now being drawn up for a coal-to-oil plant to produce 75 tonnes a day at the Bekovskaya open pit in Kansk-Achinsk.

Warsaw shows caution in filling top posts

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S Parliament yesterday approved a series of appointments which show that the authorities are still acting cautiously in filling top Government posts. The changes amounted to a reshuffling of men who previously held other posts.

Deputies were also told that preliminary versions of next year's economic plan foresee a hard currency foreign trade surplus of $600m (£250m).

Mr. Henryk Kisiel, the new head of the Planning Commission, said the main aim next year would be to halt any further decline in the standard of living.

The Government changes arose out of party reshuffles during recent weeks. Mr. Stanislaw Kowalczyk, previously Minister of the Interior, has been made Deputy Premier, as has Mr. Stanislaw Mach, until now Minister of Light Industry. Mr. Miroslaw Milewski becomes Interior Minister.

Mr. Jozef Tejchma, Minister of Culture, and once regarded as a liberal member of the Politburo, has been reappointed to that post. The Metallurgy Minister, Mr. Franciszek Kaim, and Mr. Wloezimierz Lejcjek, Mining Minister, have been replaced by officials from those industries.

Mr. Kisiel told MPs that a growth of 3-4 per cent in industrial production next year could be hoped for if production of coal, copper and other raw materials could be kept up to this year's level. That compares with a growth in industrial production of 4.7 per cent in 1978 and 1.9 per cent last year. The switch to a five-day week in Polish industry next year, as agreed after the summer strike, has given rise to fears that raw material production will fall in 1981.

Mr. Kisiel said wages would go up by 12 per cent next year or over Zl 100bn (£1.4bn) and the Government had only been able to find Zl 75bn worth of additional goods and services to cover the gap.

Investments would be cut back, Mr Kisiel said.

Meanwhile, in a significant development all 38 Deputies of the small Democratic Party, one of two small parties which have hitherto flanked and supported the ruling Polish Workers (Communist) party, voted against an amendment to a law which would return the Supreme Control Chamber, headed by Mr. Mieczyslaw Moczar, to the jurisdiction of Parliament from the Council of Ministers. This sign of self-assertiveness in the hitherto conformist minor party marks a symbolic upgrading in the role of the minor parties in Parliament.

REFORMERS FACE 'SOLID WALL OF UNDERLINGS'

The real rulers of the Eastern bloc

BY LESLIE COLITT, RECENTLY IN POLAND

THE POLISH Communist leadership has promised to renew itself and make the urgently needed economic and political reforms to end political upheaval. But the question in Poland and the rest of Eastern Europe is whether the Polish leadership can really reform the party and the institutions it has created.

Equally important is the question whether the Communist Party of the Soviet Union can carry out the reforms it needs if peaceful change in Eastern Europe is to be possible.

Prof. Leszek Nowak, a Polish Communist theoretician for many years, says the answer to both questions is a flat "no." His pessimism is shared by critical party members throughout Eastern Europe. Unlike most of them, however, he is now able to express his views openly after recently quitting the Communist Party he belonged to for 17 years.

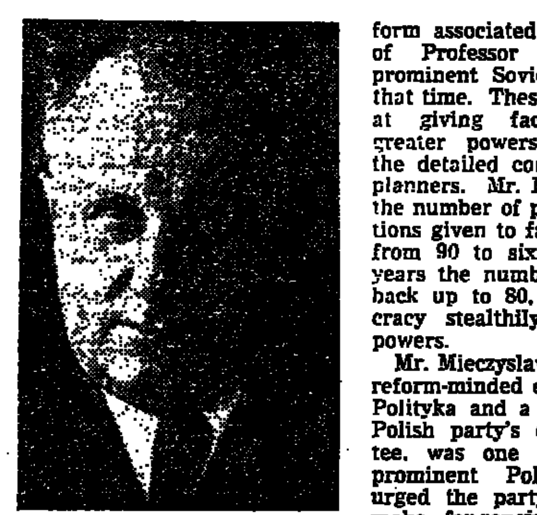
As a founder of the Poznan school of Marxist methodology and author of "On Party Theory," Prof. Nowak says that Mr. Stanislaw Kania, the Polish leader, cannot control his Communist system. Neither, he says, can the most powerful Communist ruler, Mr. Leonid Brezhnev, chairman of the Soviet Communist Party.

"They are bureaucrats who express the interest of their class," he notes. "They may desire reforms, but they are always confronted with the solid wall of their underlings."

The real activists in the Communist system, he says, are the "grey *apparatchiks*" whose sole aim is to enlarge their sphere of control. He called this the "equivalent of the profit motive to the capitalist."

Prof. Nowak says the ruling Politburos in Warsaw or Moscow only appear to plan the future. In fact, they adapt themselves to the requirements of the functionaries. Economic reformers in the party, he explains, have long wanted to free factories of interference from above, but this has been paralysed by local party officials.

He cites the example of Mr. Kazimierz Barcikowski, an aide of Mr. Edward Gierek, the former party leader, who tried to end the attempts in recent years partially to collectivise Polish agriculture. He was thwarted, Professor Nowak says, by more conservative Politburo members, and most thoroughly by the "local *apparachiks*."



Mr. Stefan Olszowski: "If he took over, he would not be able to control his own army of 'apparatchiks'."

"The lower-level party activists did not want free peasants because they are more independent than factory workers," Professor Nowak explains. Mr. Barcikowski was fired from the Politburo and was only recently brought back when, as a deputy Prime Minister, he negotiated in August with the striking workers in Szczecin.

Mr. Alexei Kosygin, the Soviet Prime Minister, faced a similar problem in the mid-1960s, when he tried to introduce the sort of economic reform associated with the name of Professor Libermann, a prominent Soviet economist at that time. These reforms aimed at giving factory managers greater powers and reducing the detailed control by central planners. Mr. Kosygin reduced the number of planning instructions given to factory managers from 90 to six. After a few years the number had climbed back up to 80, as the bureaucracy stealthily reclaimed its powers.

Mr. Mieczyslaw Rakowski, the reform-minded editor-in-chief of Polityka and a member of the Polish party's central committee, was one of a group of prominent Poles who have urged the party leadership to make far-ranging reforms, including reduced censorship and genuine workers' representation.

Professor Nowak, however, believes Mr. Rakowski's concept of reform originating in the party is a "dream." He says: "This system cannot be reformed. It can only be overcome."

Professor Nowak and others still in the party say that Mr. Alexander Dubcek, who launched significant reforms of the Czechoslovak party and its institutions in 1968 during the brief Prague spring, was a rare exception. The average Communist Party leader is described as a man who climbed to the top by maximising his control over others and placing his personal survival above urges to improve the system.

Even a man like Mr. Stefan Olszowski, ejected from the Polish Politburo in February and brought back after the strikes began, is now regarded with scepticism by many party members who desire reform. He is felt to be more interested in purely economic reforms than in political changes.

He says there is little hope of party-induced change as long as a "minority in the guise of the party disposes of the means of production, repression and all the means of information."

He says that, while classical Marxism defines three classes of oppressors, "Under Socialism, the rulers, owners and priests are all one person."

Prof. Nowak concludes that only changes "from below" will work, and that only "resistance by the masses" can change anything. He sees the main danger for Poland's new free trade unions coming from the platoons of petty functionaries waiting to take them over.

Another ex-Communist, Mr. Andras Hegedus, the Stalinist Prime Minister of Hungary before the 1956 uprising, told a West German news magazine recently that in his later sociological studies he dealt largely with the problem of social control of the bureaucracy.

He came to suspect all advocates of left-wing movements because, he said, what good is it for a revolution to smash the bureaucracy if a new "bureaucracy rises anyway and is certain to be worse than the old one."

Mr. Hegedus, who lives in Budapest, agrees with Prof. Nowak that the "decisive impetus" for democratic development in Eastern Europe must come from below and not "from the party leadership as I once believed."

He says that, although there are many "progressive members" of the upper echelons of the party, they are "impotent" without pressure being exerted from the outside by the "non-integrated opposition."

Prof. Nowak, who calls bourgeois democracy the "highest achievement of human society," warns that the Western democracies are in real danger too because of the "fusion of state ownership" taking place, in which competition is eliminated and replaced by bureaucrats. In the end, he predicts gloomily, the West "will have socialism in our sense, with one person ruling, owning and repressing."

Private sector 'must adapt to challenge'

BY ROBERT GRAHAM IN MADRID

THE PROBLEMS and benefits of Spanish membership of the EEC were amply aired here yesterday during the opening day of a conference on Spain and the Common Market — Policy and Alternatives.

The conference, organised by the Financial Times in conjunction with INI, the state holding company, and the Instituto de Empresa, was opened by Sr. Eduardo Punset, the Spanish Minister for Europe, with a keynote address in lieu of Sr. Adolfo Suarez, the Prime Minister. The Hon. Alan Hare, chairman of the FT, introducing the conference, said Sr. Suarez had been obliged to cancel at the last minute.

Sr. Punset said the international recession was affecting the Spanish economy similarly to those of the EEC countries. The decisions needed to come to terms with the domestic recession were wholly consistent with those required to adapt the Spanish economy to the EEC. Additionally, Spain had to adapt itself to be more market orientated, cut down its own bureaucracy and reduce tariff barriers gradually.

He said the state could not be expected to play its former paternalistic role and much depended on the dynamism of the private sector in adapting to the European challenge.

On negotiations, Sr. Punset said the troubled issue of Spanish agriculture should not be a stumbling block to other aspects of the negotiations. Agriculture could be put to one side without prejudice to Spain's overall negotiating position. He made no specific mention of an accession date but said that the transition period should be 5-10 years, with emphasis on the shorter period.

The Rt. Hon. Geoffrey Rippon, chairman of the British Conservative Party's parliamentary Foreign Affairs Committee, said the transition period should be 7-10 years. The Community's agricultural policy would have to be applied by Spain in its entirety from the date of accession, except in very special cases. This was necessary if Spain were to be fully integrated from the start in administering the CAP.

The real problems posed by Spanish entry were not institutional but economic and social, he said. The key difficulty lay in the operation of the Community budget. Spanish entry would increase Community agriculture by a third (in terms of land area and workers). Since roughly three-quarters of current expenditure was on agriculture there was an urgent need to operate controls here.

Mr. Rippon said enlargement would put a greater financial burden on the Nine, but it also provided both an occasion and the impetus for structural changes within the EEC, especially in the CAP. It was not enough to redivide the existing budget in a fair way between member states. The objectives had to change from a concentration of resources on the surpluses of the northern states to the problems of Mediterranean agriculture.

Sr. Luis Gamir, former Minister of Commerce, believed the principal benefit of EEC membership to Spain was being included in the Community decision-making process. Spain was a substantial trading partner but had no way to influence policy from inside.

Among other advantages he saw the free movement of labour, increased liberalisation of Spain's financial system that would reduce financial costs, access to the regional fund, the modernisation of Spain's fiscal system with the introduction of VAT and improved access of agricultural produce to export markets.

He also foresaw capital intense and high technology industries benefiting. At the same time labour intense industries could benefit from coming within the Community's protective system.

Talking about the effect of the EEC regional policy in Spain, **Sr. Miguel Roca**, a Catalan member of Parliament, said the system of regional autonomy being worked out in Spain required considerable effort and forethought to harmonise with both the Spanish Government's views and those of the Community. He emphasised that regional policy must take account of the fact that there were poor areas within rich regions.

Mrs. Alison Wright, an expert on the Spanish economy, said EEC fears about the effect of Spanish accession on the free movement of labour were probably exaggerated. Non-EEC nationals formed less than 30 per cent of the Community's migrant workers and had remained relatively static. The main thrust of immigrant workers had come from non-member countries and, in the case of Spain, there had been a tendency for numbers to decline.

Among the other speakers yesterday were **M. Pierre Bernard Couste**, vice-president of the European League for Economic Co-operation, who discussed the private sector in the EEC in the light of Spanish entry; **M. Fernand Spaak**, director general of the enlargement delegation at the Commission, who discussed problems of enlargement; **Sr. Jose Ignacio Garcia-Lomas**, chief executive of the Banco Exterior, who looked at alternative economic policies available to Spain; **Herr Hans Katzer**, vice-president of the European Parliament, who considered the implications for other members of Spanish entry; and **Sr. Felipe Gonzalez**, leader of Spain's Socialist party, who gave that party's view towards the EEC.

Yesterday's session was chaired by Sr. Antonio Garrigues Walker and there was an earlier introductory speech by Sr. Carlos Espinosa, vice-president of INI, and by Sr. Alvaro Garcia-Lemas, president of the Instituto de Empresa.

Danish state oil company chief resigns

By Hilary Barnes in Copenhagen

MR. GERHARD JENSEN, managing director of Denmark's state-owned oil and natural gas purchasing and distribution company, Dansk Olie og Naturgas, has resigned for "personal reasons." His resignation follows months of disputes with Mr. Poul Nielsen, the Energy Minister, over, among others, plans to appoint a fourth board member superior to Mr. Jensen.

He started the company in 1972 and is one of the few people employed by the Government with a comprehensive knowledge of the oil and gas industry.

A controversial agreement to buy 3m tonnes of oil from Saudi Arabia is also believed to be one of the sources of friction between the two men.

Mr. Anker Joergensen, the Prime Minister, has told Parliament that more companies must be permitted to take part in North Sea oil and gas exploration.

The A. P. Moeller shipping and industrial group obtained in 1962 a 50-year exclusive concession in the Danish sector which it exercises through the Danish Underground Consortium in partnership with Shell, Texaco and Standard Oil of California.

Czechoslovak leader joins chorus of condemnation

BY OUR BERLIN CORRESPONDENT

THE CZECHOSLOVAK Communist party leader and President, Mr. Gustav Husak, has sharply condemned "anti-Socialist forces" in Poland which, he said, are being supported by the West. Mr. Husak's first remarks on Poland followed a tough warning from Herr Erich Honecker, the East German leader, about "subversive" elements in Poland. The two neighbours of Poland are ruled by hard-line Communist parties closely attuned to Soviet policy.

President Husak's attack has added meaning as his own country was occupied by Soviet-led Warsaw Pact armies 12 years ago after the Soviet Union and its allies said anti-Socialist elements had taken control of the Czechoslovak Communist party.

He told his party central committee that the West is following a "dangerous policy" by inciting and supporting the opponents of the Polish Communist party. In the months before the Soviet invasion of Czechoslovakia, Moscow and East Berlin charged that "counter-revolutionary forces" in Prague were being directed from several Western countries.

Swiss budget deficit for 1981 put at £230m

By John Wicks in Zurich

THE SWISS Federal Council has presented Parliament with a 1981 budget predicting a deficit of SwFr 1.17bn (£230m).

While this is less than the SwFr 1.29bn anticipated for the current year, it is about SwFr 220m more than the deficit planned for next year in a 1981-83 programme published by the Government in the spring.

This is because the exchequer will not, as had been expected, receive any income from taxation of energy sources in 1981.

The Ministry of Justice has announced restrictions on the sale of property to non-resident foreigners. This follows the increase in such transactions to a record SwFr 1.58bn last year.

The measures would take effect before the revision of existing rules, known as the "Lex Furgler," when this expires in 1982.

The number of resident foreigners has remained almost unchanged this year at about 14 per cent. Although about 18 per cent more foreigners left the country, there was a slight increase in the overall figure to 885,178 at the end of August.

This means the Government has again been able to adhere to its policy of stabilising the numbers of resident aliens which, six years ago, reached a peak of about 1.06m, or about 16.6 per cent.

Switzerland may vote on entry to the UN by 1983, according to M. Pierre Aubert, Foreign Minister. A report is "almost complete," he said, and will be presented to the Cabinet next year.

Why Article 58 is EEC steel industry's safety net

BY JOHN WYLES IN BRUSSELS

ARTICLE 58 of the Treaty of Paris, cited by the European Commission this week as the legal basis for taking emergency powers to cut EEC steel production, is one of the many elements of the Community's treaties which have given rise to "founding father worship."

One does not, however, have to be an ardent European to acknowledge that the representatives of the six founding countries who devised the treaty signed in Paris on April 18, 1951, had an impressive understanding of the coal and steel industries whose future was to be determined within a single community.

Above all, they knew that the European steel industry's pre-Second World War experience of competition had been severely limited by its preference for cartels. They decided, therefore, that a safety net in the form of Article 58 was necessary in case free competition became positively destructive.

In urging the Council of Ministers to declare a "manifest crisis" in the Community steel industry and to resort to Article 58 powers, the Commission is arguing that the level of competition is virtually suicidal.

Voluntary price and production disciplines — the so-called Davignon plan — which have been operated somewhat unevenly by the producers since January 1977, have broken down, says the Commission. They can no longer be restored because there is no confidence among the steel companies that they will be observed.

In the meantime, the levels of capacity utilisation are the lowest ever recorded in the Community, orders are between 18 and 19 per cent lower than last year, employment is steadily falling, and prices have plummeted so far that losses are averaging between £27 and £28 per tonne.

There is no alternative, says the Commission, but to resort to Article 58 which, in the case of "manifest crisis":—

● Allows the Commission with Council approval to establish production quotas on "an equitable basis."

● Allows the Commission to fine companies which fail to comply with decisions taken under Article 58. The level of fines must not exceed the value of the production in excess of the quota.

Detailed implementation of the Commission's proposals, assuming formal Council approval, needs to be worked out in co-operation with the 350 companies producing more than 1,000 tonnes per month which will be affected. There are several ambiguities in the proposals which the Commission has been slow to clarify.

The indications are that:

● The quota system would run until the end of next June and "will take effect" from November 1. However, the Commission may eventually decide that October production should be subject to quota and has taken the legal steps necessary for such a decision.

● The quotas will be based on a steel company's best production months between July, 1977 and June, 1980. Out of these 36 months a company's best monthly outputs will be assembled to provide a reference "year" for quotas.

● Products affected by the quotas will be: coil and strip rolled on special mills; heavy plate and universal plate; heavy sections; light sections.

● There will also be an overall quota for crude steel production. The Commission's objective appears to reduce production of these four categories of steel by between 13 and 20 per cent in the fourth quarter of 1980 in comparison with the same period last year.

Policing the system will be difficult, but the Commission wants to recruit 120 inspectors. Companies will be required to send daily and weekly production records to the Commission by telex and a monthly summary.

This information will be fed into a computer at the statistical office in Luxembourg. If daily productions records are inaccurate, fines will be imposed up to 1 per cent of a company's annual turnover. If the quotas are exceeded the fine will be £45.75.

Turkey hangs two terrorists

By Metin Munir in Ankara

TWO TERRORISTS were hanged yesterday in Ankara Prison where the last executions in Turkey took place eight years ago.

They were Mustafa Pehlivanoglu (21), a Right-wing activist who took part in the murder of five people, and Necdet Adali (21), a Left-wing militant who killed two.

They were sent to the gallows by Turkey's military rulers to emphasise the regime's tough anti-terrorist stance.

There are 50 people under sentence of death in Turkey, all but 14 of them convicted of terrorist acts.

Dutch may take selective measures to curb incomes

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government may take selective measures to control incomes in 1981, but there are no plans to continue this year's general limits on the growth of wages.

Two options open to the government are the restriction of the level of automatic price compensation to high wage earners and a reduction in the level of holiday bonuses, which are normally about 8 per cent of the annual wage.

These prospects were outlined by Dr. Willem Albeda, Social Affairs Minister, following Friday's inconclusive meeting between the unions, employers' organisations and the government to discuss wage policy in 1981.

The two sides of industry were to decide whether to meet again following the discussion in Parliament of the 1981 budget proposals on Tuesday.

The employers are calling for the Government to cut Fl 4bn (£850m) from public spending levels instead of the Fl 1.3bn proposed and for the exclusion of fuel and raw materials costs from the calculation of price compensation. The unions have refused to consider any modifications to the present system of indexing wages to prices.

The Government has calculated that wages will rise by 8 per cent next year on the basis of the two-year wage contracts which have been signed by many unions.

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Moscow denies offer of arms to Tehran

BY PATRICK COCKBURN

THE SOVIET UNION has denounced as "slanderous and false" reports that it has offered Iran arms and ammunition. Iran's Prime Minister, Mr. Mohammed Ali Rajai, said at the weekend that his country had rejected such an offer which would have diminished its independence.

Moscow has continued to supply Iraq with arms, apparently at the same level as before the war broke out. Five shiploads of spare parts and ammunition from the Soviet Union have arrived in the Jordanian port of Aqaba, bound for Iraq, over the last 17 days, according to reports from Beirut.

The Iraqis, having taken the docks area of Khorramshahr, are still trying to fight their way into the city centre. Iraq's command said 48 Iranian troops were killed and five wounded in the fighting yesterday.

In Tehran, the acting Iranian Chief of Staff, General Fallahi, said that Iranian forces were preparing to counter-attack and denied that Iraq had taken most of Khorramshahr. He said Iranian troops were "mopping up in the city."

Meanwhile, Iran is reported to be still exporting some oil from the offshore fields of Lavan and Sirri, 300 miles south of Abadan in the Gulf. Most of the oil, which may total 100,000 barrels a day is going to India. Before the war Iran exported about 700,000 b/d of crude.

OPEC talks postponed

VIENNA—A meeting of Oil and Finance Ministers of the Organisation of Petroleum Exporting Countries, which was due to take place in Baghdad in November, has been postponed until further notice.

Announcing this yesterday, the Iraqi embassy in Vienna gave no reason for the postponement. It said a new date for the meeting would be announced as soon as possible.

The OPEC talks were aimed at trying to implement a new policy sponsored by Saudi Arabia to moderate oil price increases during the 1980s.

An OPEC spokesman yesterday refused to comment on the Iraqi announcement although within the oil industry it was expected that the Baghdad meeting would be postponed.

Similarly the preparatory meeting of Oil Ministers due to be held in London next week has been called off, according to industry reports.

Reuter

Ihsan Hijazi reports from Beirut: President Hafez al-Assad of Syria flew to Moscow yesterday amid speculation that he would sign a mutual defence pact with the Soviet Union. Military and security matters will be on the agenda of the talks Mr. Assad is to hold with President Leonid Brezhnev and the Syrian leader is accompanied by his Defence Minister, General Mustafa Tlas.

The exact nature of the accord President Assad will be signing has not been disclosed by Syrian officials.

They say that Syria is seeking to upgrade its co-operation with the Soviet Union and there were hints that Mr. Assad might offer military facilities in Syria.

The phoney crisis, Page 24

The Iran-Iraq war has highlighted the West's inability to act, writes **Ian Davidson**

The strategic game goes out of control

THE GULF WAR

THE IRAN-IRAQ war—now in its third week—clearly underlines the quandary of America and the West in coping with a region which is both so important and so mercurial. The U.S. is in no position to determine, and can only marginally influence : 1 area which, at least until quite recently, was described by Washington as a "vital interest."

Two possible inferences may be drawn. The first is that the U.S. should somehow acquire the capability for determining or at least influencing, events. This is the normal inference which has tended to appeal to Americans over the past 40 years. The second is that the U.S. should re-examine the notion of "vital interest" and the assumption that events can be controlled.

Ever since the fall of the Shah of Iran, the U.S. has been confronted with a series of convulsions in the Middle East, each provoking the urge to act, but each in turn highlighting a new aspect of the limitations on America's ability to act. The fall of the Shah, the detention of the U.S. hostages, the Soviet invasion of Afghanistan, and now the Iran-Iraq war, have all caught the Americans and the West with their mouths open. Each of these events is in a logically distinct category: a revolutionary civil war in a country previously regarded as a stable American ally; an act of diplomatic terrorism against the Western superpower; an invasion of the region by the Eastern superpower; a regional war in which neither superpower is (for the moment) involved.

In response to the Soviet invasion of Afghanistan, President Jimmy Carter launched a plan to create a substantial military "Rapid Deployment Force," on the assumption that such a force could intervene effectively in the region. Yet the sequence of events so far has not offered any circumstances in which it could usefully be employed. The Iran-Iraq war is only the latest illustration of the kind of situation in which such a force would be useless.

If the best outcome for the West would be a speedy end to the war without triggering further convulsions, the second best would be that it should remain circumscribed at roughly the present level until some form of peace can be agreed. Any widening of the war affecting other oil-producing countries, would be much more serious for the West, but such an escalation could not be prevented by direct intervention.

> 'The Strait of Hormuz will remain open if the countries in the Gulf exercise restraint.'

The shadow of escalation passed over the war at the end of last month, when Iraq deployed helicopters on the airfields of Gulf states, including Oman. Just why they did so is not entirely clear. One version is that they wanted to be in a position to attack Iran, or the Iranian-held islands of Abu Musa and the Tumbs in the Strait of Hormuz, another that they wanted to hold back part of their air force in positions of relative safety; a third that they believed this would help to ensure that the Gulf states and Saudi Arabia could be drawn into the conflict on their side, if the war went against them.

Whatever Iraq's motivation, the West faced a dangerous situation in which direct intervention could only have been counter-productive. The loss of Iraqi crude is inconvenient, but is being at least partially compensated for by increased Saudi output. Any fighting in the lower Gulf would almost automatically cut off 40 per cent of the West's oil supply, regardless of who was doing the fighting, since no tanker captain would regard it as his duty to run the gauntlet.

That particular shadow has passed for the time being. The Iranians have publicly said they will keep open the Strait of Hormuz, and the Iraqis have indicated privately their intention of repatriating their aircraft from their Gulf neighbours.

Just why the Iraqis changed their minds is almost as obscure as their original intentions, But the official version being put about in Whitehall is that the situation was defused at least partly by concerted diplomatic pressure from Britain and America after the visit to New York and Washington by Lord Carrington, the British Foreign Secretary. There has been speculation that Washington may at some moment have contemplated much more spectacular action but in the event the strategy followed was one of discreet non-intervention. The American, French and British warships remained ovar the horizon in the Indian ocean, and even the Soviet vessel in the straits moved outside.

What then can be made of the assertion by Mr. Harold Brown, the U.S. Defence Secretary, earlier this week that "we have a commitment to keep open the Strait of Hormuz"? The plain facts are that, for the purposes of peaceful tanker traffic, the strait will remain open only if the countries in the Gulf exercise sufficient restraint to ensure there is no threat to that traffic. And that in the event of them deciding not to exercise restraint, it could probably be reopened and kept open only with the deployment of force on a scale which would almost certainly be counterproductive as far as peaceful tanker traffic was concerned, and would give rise to charges of imperialism which could damage America's political standing and its chances of amicable relationships with either Baghdad or Tehran.

Until now, the Soviet Union has kept a very low profile, and the airwaves have crackled with reciprocal warnings from Moscow and Washington that the other side should stay out of the conflict. The Iranians have claimed that the Soviet Union recently offered to supply them with weapons, but that they refused the offer. On the face of it, this is baffling, since the Soviet Union has hitherto been Iraq's main arms supplier, and while Moscow reportedly refused an Iraqi request at the beginning of the war for additional armaments, it appears to be providing (or attempting to provide) spares and ammunition.

> 'Even if the Gulf states were prepared for a large American presence they would remain insecure.'

Naturally, Moscow denies the story. Yet there is a precedent which suggests that the Iranians may be telling the truth. For many years the Soviet Union had very close ties with Somalia. Then along came a left-wing revolution after the fall of Emperor Haile Selassie in Ethiopia, and lo and behold the Russians switched sides and moved into Addis Ababa.

True, Iran's revolution is quite different from Ethiopia's, and not at all to Russia's taste. The Khomeini regime has been more outspoken in its hostility to the Soviet Union than the Shah ever was. But it is hard to be sure how long the Iranian revolution will continue on its present path. The war appears to have damped down internal dissent, and has restored to the armed forces some of the authority removed from them by Ayatollah Khomeini.

If Iran's war effort should be seriously undermined by Iraqi attacks, and above all by shortages of refined oil products, it would not be entirely absurd for the Russians to imagine that Ayatollah Khomeini might turn in desperation to them. Apparently, the Iranians are not at that point yet. But King Hussein of Jordan's defiant assertion that he is prepared to fight with Iraq would seem calculated to make the Iranians wonder who is going to help them, not least because of their failure to drive the Iraqis out.

It hardly needs pointing out that, if Iran were to pass under Moscow's tutelage, that would be an enormous strategic prize, another piece of the jigsaw between the Caucasus and Afghanistan, and dominating the whole northern shore of the Gulf. Whether the prize would be worth the risk to Soviet-American relations is perhaps another question.

America's quandary is that while the strategic game can be played only through the intermediary of the countries in the region, almost all those countries which America and the West would wish to safeguard are made of straw. The U.S. has made arrangements with Egypt, Kenya and Oman for access to their ports and airfields in the event of an emergency, and hopes to make a similar deal with Somalia. Four airborne warning and control aircraft have been sent to Saudi Arabia, as well as additional ground radar and communications equipment.

Even if Saudi Arabia and the Gulf states were prepared for a large overt American presence, they would remain inherently insecure: too few people, too many foreigners, too much money in the hands of a tiny minority and much of it held abroad, too much oil and too little else. Unfortunately, the importance of the security of the Gulf has increased steadily, as a result of the squandering of oil by the West (and especially by the U.S.), just when American policy on the Arab-Israel dispute has helped to make the Arabian peninsula more isolated and more vulnerable.

Camp David and the peace treaty between Israel and Egypt has done nothing to bring about a general Arab-Israeli peace, but it has separated Egypt from the rest of the Arab world. In the vacuum, Saudi Arabia, Iraq and Iran are all more or less implausible competitors for regional leadership.

In psychological and political terms, Israel's security is, and will remain, immensely important to the West, and at present it is not in jeopardy. In real terms, the security of the Gulf is much more important to the West, but it is in jeopardy.

And now we learn that the U.S. is prepared to supply arms to any "friendly" countries in the region which are not yet embroiled in the war.

North Korea ready to anoint successor to 'the beloved Kim'

BY TONY WALKER IN PEKING

NORTH KOREA is about to witness a curious anointing, if speculation in Peking proves correct.

The "Party Centre" will soon be officially designated successor to North Korea's President Kim Il Sung, known to his people through the official media as the Great and Beloved Leader.

The Party Centre is not what the words suggest. In fact, the phrase refers to President Kim's eldest son, Kim Chong-il, who is being groomed to take over from his father.

Why he should be referred to in code by the North Korean media has never been made clear, but Kim Chong-il has been the party centre for several years.

His anointing will take place at the sixth congress of the Worker's Party of Korea which starts tomorrow. The last time the party congress met was in 1970.

In North Korea where the cult of the personality is perhaps more extreme than anywhere else in the world, the confirmation of the son of the ruler as the chosen successor will no doubt be regarded as an event of almost religious significance.

Kim Chong-il's qualifications for the job as successor to his father, like details of his background, including the date of his birth, remains obscure, but recent visitors to Pyongyang have been treated to glowing testimonials to his abilities.

Visitors have been told Mr. Kim is a young man of quite dazzling brilliance. As the "Party Centre" he has been credited with exceptional achievements in the implementation of his father's policies.

A report carried by the Korean Central News Agency in August praised the efforts of the "great leader Kim Il-Sung and the experienced guidance of the Party Centre."

Another recent report, this time carried by North Korea's main newspaper, Nodong Sinmun, mentioned "work by the glorious Party Centre to bring about a revolution in literary and artistic activities."

Kim Chong-il is believed to be in his early 40s. His photographs show him as a heavy-set man like his father to whom he bears a striking resemblance. If president Kim Il-sung has achieved perfection in his own life in the eyes of North Korea's official media, it will no doubt also be asserted that he has reproduced near perfection in his son.

Kim Il-sung: no imminent retirement

A visit to North Korea is to be reminded of the most extreme form of Maoist worship during the cultural revolution. Statues of the older Kim dominate Pyongyang and the local media is flooded with references to his great and benevolent powers.

If the younger Kim emerges from the shadows at the party congress to become the officially designated heir to a North Korean political dynasty, it can be expected the party-controlled Press will set about building up his image so that in time when his father is ready to step aside he will have loomed large enough in the consciousness of the people to be accepted as the logical successor.

Significantly, North Korea's news media has recently been discussing the succession. One radio broadcast even suggested succession by a relative "is not such a bad thing." This sort of proposition would no doubt horrify Peking's new pragmatic leadership which has mounted a campaign against the practice of a ruler handing power to a designated successor.

All this is not to say that 68-year-old Kim Il-sung whom South Korean propagandists have been predicting for years will drop dead from cancer is about to step aside.

A recent edition of the Pyongyang Times, North Korea's English-language propaganda sheet for distribution overseas, showed the elder Kim in apparent good health, despite the unsightly growth on the back of his neck, greeting visiting Albert René, leader of the Seychelles.

Observers in Peking say it is likely to be several years before Kim Il-sung hands over. In the meantime, they expect the ground to be prepared for an orderly succession with a start being made at this week's party congress.

Nigeria rebuffs U.S. plea for increased oil output

WASHINGTON — President Shehu Shagari of Nigeria, yesterday ended a visit to Washington during which he rebuffed U.S. efforts to persuade him to boost Nigeria's oil production. He urged Washington to take the lead in relieving the plight of poor countries.

Speaking at a White House dinner on Tuesday night, Mr. Shagari did not deal directly with oil supplies but called on the U.S. to make a massive investment in Nigeria's development programmes.

Nigeria, is the second largest oil supplier to the U.S.—after Saudi Arabia and Mr. Shagari said development aid could help to close the U.S. trade deficit with his country.

The Nigerian leader explained that the economic balance between rich and poor countries posed a threat to world stability.

"The yawning economic gap between North and South cannot fail to demand our prime attention because, in spite of our oil resources, we belong to the Third World," he said.

Earlier, Mr. Shagari indicated that he would not respond to U.S. calls for Nigeria to boost oil production to help to meet shortages caused by the Iran-Iraq war.

Nigeria is a member of OPEC (the Organisation of Petroleum Exporting Countries). We do not take decisions unilaterally. We take our decisions at the level of OPEC, he said.

Reuter

Botha to visit Taiwan

By Quentin Peel in Johannesburg

MR. P. W. BOTHA, South Africa's Prime Minister, is to pay an official visit to Taiwan from October 13-17.

The visit is a sequel to that by Mr. Sun Yun-suan, Taiwan's Prime Minister, who visited South Africa in March, when a contract for the sale of 4,000 tonnes of South African uranium to Taiwan was signed.

The close ties between the two "pariah states" include supplies of maize, coal, asbestos, iron ore, copper and steel from South Africa, and machine tools, electronic goods, textiles, footwear and clothing from Taiwan. The balance of trade is heavily in South Africa's favour—R115m (£64m) worth of South African exports against R60m from Taiwan last year.

Accompanying Mr. Botha will be Mr. Pik Botha, Foreign Minister, Mr. Hendrik Schoeman, Minister of Transport, and Dr. Dawie de Villiers, the new Minister of Industry.

UPI SEEKS BUYER

Ailing U.S. newsagency heads for record loss

BY IAN HARGREAVES IN NEW YORK

UNITED PRESS International, the number two U.S. wire service, is heading for a likely record loss this year and is once more looking for a buyer. This was confirmed by Mr. Joe Smith, chairman of UPI's advisory board, at a UPI editor's convention in Cambridge, Massachussetts. No specific information was given about likely buyers for the ailing organisation.

Mr. Smith, himself a newspaper publisher, said that UPI would lose more than $7m (£2.9m) before tax this year, on projected revenues of around $84m.

The editors were told that a consultant would be hired to produce a detailed analysis of UPI's prospects, in order to assist negotiations about a change of ownership.

Last February, UPI announced the failure of an attempt to form a limited partnership of its subscribers to take a stake in UPI, along the lines on which Associated Press, UPI's larger and more successful rival, is run.

Mr. Donald Reed, UPI's managing editor, said yesterday that some form of partnership was still being studied, but that other options, such as a straight sale, were also under active consideration.

He added, however, that the one outside company which has publicly stated an interest in UPI, Charter Media, a publishing concern partly owned by an oil company, was now entirely out of the picture.

UPI's problems have been the subject of anguished attention by the newspaper and broadcasting industry in the U.S. for many years. Although the media have not shown themselves willing to pick up the tab for the cost of the service, they are equally unhappy about the idea of UPI passing into foreign control or folding, and leaving the field clear for AP.

UPI's report about its possible sale yesterday referred to extra expenses created this year by the decision of Mr. John Anderson to run for the Presidency, and problems in Asia and the Middle East which necessitated expensive coverage.

Mr. Reed said that UPI had not reduced its staff and had continued to open some small new bureaux in the U.S. UPI has also been struggling with customer resistance to higher charges for its services during this period of rapidly inflating costs. It hopes that by 1983, when a network of 3,700 satellite receiving points will be in place across the U.S. its costs will be more easily contained.

UPI has 1,040 daily newspaper and 3,757 broadcasting subscribers, a slightly smaller number than AP. AP's revenues, projected at $139m for this year, are also much larger than UPI's.

UPI was formed in 1907, specifically as a challenge to a then-AP monopoly in many towns, and is now controlled by E. W. Scripps, the private trust named after the organisation's founder.

There were three main stumbling blocks to the idea of co-operative ownership when it was examined last year: the costs to organisations approached, the fact that many of these new companies already have their own national information syndication services in a country which lacks a national daily newspaper, and the fact that the Scripps organisation intended to retain a significant stake.

Chile rejects poll-rigging claims

BY MARY HELEN SPOONER IN SANTIAGO

CHILEAN Government officials have rejected the findings of an 18-page report on alleged irregularities and fraud in the September 11 constitutional plebiscite prepared by a Christian Democratic-led opposition group.

The report, together with documents, details evidence of ballot-stuffing at polling sites and of publicity urging passage of the proposed constitution. According to the report, the total cost of such advertising reached $10m (£4.2m) and was paid for with Government funds.

The document also cites discrepancies in the numbers of people voting in the plebiscite and a referendum held in January, 1978. The report says that while Chile's population increased by 3.8 per cent during the period since the 1978 plebiscite, the number of people voting increased by 12.6 per cent, according to the National Department of Statistics.

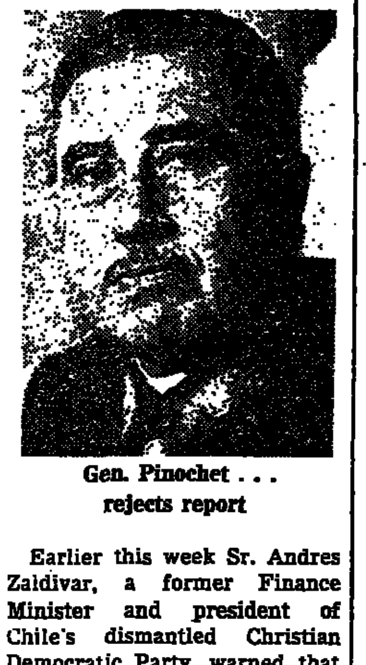
The report also states that the two supposed safeguards used in the voting—a stamp affixed to identity cards and the indelible ink used to mark voters' fingers in order to prevent repeated voting—were unsatisfactory. The stamp could be easily removed, and the ink could be washed off.

The opposition coalition, "The Group of 24" had earlier drawn up an alternative constitution and sought unsuccessfully to present it to Gen. Augusto Pinochet, Chile's President.

The group has asked the electoral board which was to monitor the plebiscite to investigate the findings. Meanwhile, the Pinochet regime has rejected the report, stating that the charges of fraud and irregularities were made by "a group of persons linked to the dissolved Christian Democratic Party and Popular Unity Coalition"

The latter group brought Gen. Pinochet's predecessor, Salvador Allende, a Socialist, to power in 1970.

The new constitution, which greatly enhances Gen. Pinochet's powers, is scheduled for March next year. An eight-year transition would follow, with Gen. Pinochet in office.



Gen. Pinochet . . . rejects report

Earlier this week Sr. Andres Zaldivar, a former Finance Minister and president of Chile's dismantled Christian Democratic Party, warned that the country would be prone to more violent civil strife if peaceful forms of opposition were closed.

Recovery in U.S. borrowing

By Our U.S. Editor

U.S. CONSUMERS started borrowing more in August, as the economy turned round and as the severe restrictions on credit were abolished.

The Federal Reserve Board's report showed only a marginal increase of $15m (£6.25m) in total outstanding consumer debt, but this was the first rise since credit controls were imposed in the middle of March. It compares starkly with the $609m fall in outstanding debt registered in July.

The biggest increases were recorded for car loans (up $174m after a $93m fall in July) and credit card debt (up $142m against a small rise of $14m in the previous month).

Although there was still a substantial fall in consumer loans from banks, the drop—$293m in August—was much less than the $556m decline of July.

Consumer spending appears to have been a major factor in the incipient, and still shaky, recovery

Florida Democrat loses primary election contest

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THE DEFEAT in Tuesday's primary election of the incumbent Democratic Senator, Mr. Richard Stone, could adversely affect President Jimmy Carter's electoral prospects in Florida, according to some local politicians.

Mr. Stone was narrowly beaten by Mr. Bill Gunter, the State Treasurer and Insurance Commissioner, in a re-run of their contest in 1974. Mr. Gunter will now oppose Mrs. Paula Hawkins, whose easy victory in the Republican Primary enhanced her existing reputation as Florida's leading woman politician.

The potential problem for Mr. Carter stems from the fact that Mr. Stone, who is Jewish, is extremely well regarded in the influential Jewish community concentrated in Dade and Boward counties near Miami.

His presence on the party ticket next month might have helped Mr. Carter, whose problems with the Jewish community are well known. Mr. Gunter, on the other hand, has a political base in the central and northern parts of Florida, bordering the President's home State of Georgia where Mr. Carter is likely to do well in any case.

Mr. Stone becomes the fourth incumbent senator this year to be denied re-nomination by his own party, following Senators Mike Gravel and Donald Stewart, who lost in Alaska and Alabama respectively, and Senator Jacob Javits of New York, who lost the Republican primary but is running next month for the state Liberal Party.

Non-political activities may take a further toll on the current composition of Congress, with the conviction yesterday of a second Congressman, Mr. John Jenrette, the South Carolina Democrat, on charges that he accepted bribes in the Abscam scandal.

U.S.-China agreement on insuring investments

PEKING—The U.S. and China, in another step to improve economic relations, initialed an agreement that clears Overseas Private Investment (OPIC), a U.S. Government corporation, to insure U.S. investments in China against political risks.

Mr. Paul Gilbert, OPIC's vice-president and general counsel, said the agreement, to be formally signed in a few days, will lead to a significant increase in U.S. investment in China. "We have approximately 80 U.S. companies that have made inquiries, and 16 have given OPIC letters of intent to invest in China," he said.

The industries in which U.S. investors have expressed interest include construction, mining, light industry and petroleum, he said.

China is the 100th country to sign an OPIC agreement, and only the third Communist nation—behind Yugoslavia and Romania. President Carter sought Congressional authorisation to offer OPIC facilities to China, and signed the authorising Bill in August.

Mr. Gilbert said the agreement is "an expression of confidence by the U.S. Government in the investment climate in China."

AP-DJ

Alaska pipeline deal allocated

By Richard C. Hanson in Tokyo

JAPANESE steelmakers managed to win only 20 per cent of a major order for large diameter pipes to be used in an Alaskan natural gas pipeline project being built by Northern Plains Natural Gas of the U.S.

Four steel mills—Nippon, Nippon Kokan, Sumitomo Metal Industries and Kawasaki—received orders for 120,000 short tonnes (108,000 metric tonnes) out of 580,000 offered for bidding last November, one of the largest pipeline deals ever.

More than 60 per cent of the orders went to steel companies in the U.S., with the remaining won by Italy.

The pipeline is a 1,300 kilometre segment of the 7,660 kilometre Alaska natural gas transportation system running through Alaska, Canada and the continental U.S. Deliveries will be made by June.

Swiss vote for British Rapier

By Our Aerospace Correspondent

THE LOWER HOUSE of the Swiss Parliament yesterday voted by a substantial majority to order the British Aerospace low-level Rapier anti-aircraft system for the Swiss armed forces.

Before any contract can be placed, however, the deal still has to be approved by the Upper House of the Swiss Parliament. Ths is expected to take several more weeks, but British Aerospace believes that the deal could be approved before the end of this year.

The Swiss have been interested for some time in acquiring up to £250m worth of Rapier low-level anti-aircraft missiles for the defence of mobile armoured columns.

The missile is already in service with the British Army in West Germany, and with the RAF, while it has also been sold to several overseas countries, including Australia, Brunei and countries in the Middle East and Africa.

EEC urged to boost air competition

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE EUROPEAN Economic Commission is urged to take steps as soon as possible to increase competition among the airlines in Western Europe, and to reduce fares.

A report to be debated by the European Parliament next week, prepared by Mr. R. G. Schwartzenberg of France, urges the Commission to draw up a comprehensive aviation policy for the Community, create greater opportunities for low-fare Skytrain type services, and to stimulate competition between scheduled and private airlines. Mr. Schwartzenberg is a member of the European Parliament.

The report points out that it is essential to eliminate present restrictions on competition in air transport throughout the Community.

"The present lack of competition is not merely damaging to the interests of consumers, it also adversely affects the competitiveness of the air transport industry and the European economy as a whole," says the report.

It suggests that the aim of making air transport more competitive "really calls for the implementation of a common air transport policy.

"The member states must reach agreement on common objectives, for otherwise no proper basis will exist for a thorough appraisal for the development of air transport over the next few decades.

"This also holds true for the aircraft construction industry, since the placing of orders for aircraft is closely bound up with decisions relating to routes and capacity."

But the report also recognises that the liberalisation of air transport within the Community will also have to ensure that EEC interests are protected in relation to the activities of other countries outside.

"Community solutions would have to be found to problems such as saturation of certain air zones and air corridors, which can be harmful to competition, or the establishment of landing rights."

The report also says that such efforts would need to include a detailed study of the price and future supply of fuel "which will exert an obvious influence over future decisions concerning transport."

It stresses that a more flexible fare structure is essential, with a far wider range of cheap fares being made available.

It suggests that airlines should make much wider use of such devices as advance-purchase fares, off-season rates, stand-by rates and special round-trip tickets.

Hoechst puts £13m in S. Africa

BY QUENTIN PEEL IN JOHANNESBURG

HOECHST SOUTH AFRICA, the wholly owned subsidiary of the West German chemicals group, has announced plans to invest R23m (£12.7m) in three major import replacement projects, as part of a R150m five-year investment programme.

The most strategically sensitive project is for a R5m polyphosphoric acid plant which will provide the basic raw material for the catalyst used in the production of oil from coal by Sasol, South Africa's semi-state synthetic fuel manufacturer.

Hoechst has signed a supply agreement for the raw material with African Catalysts, itself a joint venture involving Suedchemie of West Germany, Sasol and the Industrial Development Corporation. The new plant, to be built at Hoechst's Krugersdorp premises, will be in production by 1982, and supply all the requirements of Sasol's huge new facilities.

The two other projects so far announced in Hoechst's five-year South African expansion plan both involve Safripol, a joint venture with the South African Sentrachem group.

A R13m plant to produce fine plastic packaging film is to be built at Safripol's plant at Sasolburg, which now produces high-density polyethylene and polypropylene. The other new Safripol venture is the establishment of a R5m acetylene black plant, which will be built at Newcastle, Natal.

Hoechst at present invests some R100m in its South African subsidiary, which has a turnover of R300m in the competitive South African chemicals market.

Aker stops work on loading buoy

By Fay Gjester in Oslo

A LEADING Norwegian offshore fabricator has refused to complete work on a loading buoy it was building for the Anglo-Norwegian Statfjord Field. The buoy is now almost certain to be finished elsewhere—possibly at a European yard.

Aker, the company involved, wanted compensation—more than the NKr 220m (£19m) contract price—for what it claimed was the cost of extra work needed to meet the high standard of welding demanded by Mobil, the operating company on Statfjord. It suspended work on the buoy more than two months ago, and has since been negotiating with Mobil about its claim for extra payment—believed to be about NKr 120m.

Mobil has now definitely refused to make this additional payment, pointing out that the contract clearly specified the kind of work required. Aker maintains its claim that Mobil toughened its requirements on weld standards after the contract was signed—probably, it suggests, as a result of the Alexander Kielland rig disaster.

Moving the work to another yard will certainly delay the buoy's completion, and it may not be ready by the time it is needed—when production starts from the field's second platform. This is scheduled for "some time in 1982," according to Statoil, Norway's state oil company. If the buoy is not ready in time, temporary alternative loading arrangements will have to be made. In any case, the delay is bound to involve extra costs for the oil company consortium developing the field.

Oslo reports suggest that the consortium will demand compensation from Aker for this—possibly about NKr 100m.

Container demands worry China

BY WILLIAM HALL, SHIPPING CORRESPONDENT

A SENIOR executive of the China Ocean Shipping Company (Cosco), China's state shipping line, has warned that there are signs of "domination of container traffic by foreign shipping interests in developing countries."

In a speech to a conference on Containerisation and the Developing World, Mr. Yuan Zhping, deputy managing director of Cosco, said that because developed countries increasingly insisted on their cargoes being carried in containers, developing countries were being forced to move rapidly into containerisation or lose the business.

Aside from the problems of the speed with which containerisation is being introduced around the world, China, in common with developing countries, is also having to face up to the problems of the "tremendous capital investment" and the "imbalanced trade" which result from the container revolution.

Last year four Chinese ports—Shanghai, Huangpu, Xingang and Quingdao—handled 32,700 twenty foot equivalent units (teus)—the standard container unit.

The introduction of containers began in China in 1973 with the start of a small feeder service from Shanghai and Tientsin to Japan. About 100 boxes per month were transported by egneral cargo ship to Japan for transhipment to North America.

China has no pure container ships of its own at present. However, it has 46 semi-container vessels with a capacity of 11,506 teu and 11 roll-on/roll-off vessels plus several multi-purpose ships on order.

Nova Scotia seeks new business

BY OUR WORLD TRADE STAFF

NOVIA SCOTIA wants to establish a minimum of 25 ocean industry companies in the next eight years, Mr. Roland Thornhill, the provincial Minister of Development, said in London yesterday.

Speaking at a seminar on business opportunities in the province, he said: "We are determined to create a nucleus of medium-to-high technology manufacturing and service industries, as the cornerstone and critical mass for development of a major marine-related complex."

A special ocean industrial park will soon be created at Dartmouth, near Halifax, as part of a more general plan to exploit industrial opportunities in the Canadian province. The park will absorb C$30m (£10.75m) of public funds and will embrace incubator mall and sheel factories, research facilities and financial incentives for industry.

Mr. John Buchenan, the Premier, noted that mining and energy development offered important opportunities for the 1980s in the province. But he stressed that there are spin-off and service sector opportunities.

These include the manufacture of components and services for offshore oil and gas activities, pharmaceuticals, medical equipment, and electronic

Tighter restrictions on textiles forecast

BY PAUL CHEESERIGHT

MORE RESTRICTIONS on international textile trading are likely when the Multifibre Arrangement (MFA) is re-negotiated, according to two World Bank economists in a study published today.

But they do not rule out the possibility of a breakdown in the negotiations with the developing countries refusing to accept the demands of the U.S. and the EEC, both of which have threatened to introduce unilateral quotas if a continued international arrangement cannot be obtained.

Dr. Donald Keesing and Mr. Martin Wolf in a report called Textile Quotas against Developing Countries, published by the Trade Policy Research Centre of London, argue, however, that the existing MFA still has the potential to provide a basis for a new international agreement.

But if an extension to the existing MFA is to be useful, then it will have to be combined with a supplementary agreement which is more substantial, detailed and formal than the 1977 protocol of renewal.

The supplementary agreement will have to address itself to the conditions under which governments can depart from the rules and it will have to specify how any new agreement would be enforced.

The MFA first came into force in 1974. It is a system of regulating international textile trade, providing for a growth in imports from developing countries of at least 6 per cent a year.

When the MFA was extended in 1977, the EEC negotiated a protocol allowing "reasonable departures"—that is it could negotiate bilateral agreements which would hold import growth down below the internationally negotiated level.

Talks about renewing the MFA start in December, and Dr. Keesing and Mr. Wolf list three basic issues which could affect world economic development.

They are whether the rule of law can be re-established to provide a constraint on the actions of the most powerful countries, whether an attempt will be made to freeze existing productive structures permanently and whether room can be found for new suppliers at the expense of existing developing country exporters and developed countries.

Developing countries at the talks will be looking for high growth in their exports and tight rules for the enforcement of a new MFA, both of which clash with U.S. and EEC aims

The developed countries might press for a two-tier system, the economists suggest. This would involve smaller quota growth for leading suppliers and more liberal rules for lesser suppliers.

Existing discrimination would increase, but there would be positive effects if low income levels were made one of the criteria for the application of more liberal standards.

Elaine Williams adds: Conservative members of the European Parliament want tougher measures to protect the textile industry from low cost imports.

The European Democratic Group, representing Conservative members of the European Parliament are calling for renewal of the MFA for a 10-year period from next year and extension of the arrangements beyond the present 42 participant countries to apply to several low cost suppliers which are not yet signatories.

The group says the EEC has been faced with a rising tide of low cost imports from South East Asia because EEC tariff barriers are lower than those of other countries.

There has also been a rapid growth of U.S. imports into the European Community because of the size and efficiency of U.S. textile producers and the low cost of feedstock for the manufacture of textiles.

Editorial comment, Page 24

Aid to Bolivia has almost dried up since the coup

In power but out of funds

BY MARY HELEN SPOONER IN SANTIAGO

A SMALL band of workers wielding picks are slowly tearing down the headquarters of the Bolivian Workers' Central, in La Paz. Armed civilians riddled the offices with machine gun fire on July 17, the day Bolivia's armed forces seized power to stop the accession to power of Sr Herman Siles Zuazo, the—centre-left, former President who won most votes in the June 29 elections.

The regime of Gen. Luis Garcia Meza has been recognised by some 20 countries, although little financial support has been forthcoming from abroad. The $200m in credits from Argentina, the first nation to recognise the regime, has yet to materialise. Most foreign aid to Bolivia — including U.S. economic aid amounting to $115m and $40m from Venezuela —has been cut off.

Aid package

Britain has also suspended a £20m aid package to the Bolivian state mining corporation, Comibol. The production of tin, officially the largest export, declined sharply after the coup as Bolivia's militant tin miners took up guns and dynamite to fight the takeover. Resistance in the mining districts has been brutally suppressed, but the regime's claim that mineral production is back to normal is doubtful. "The miners hate this Government," said one observer familiar with the miners. "They're mining rocks, not ore."

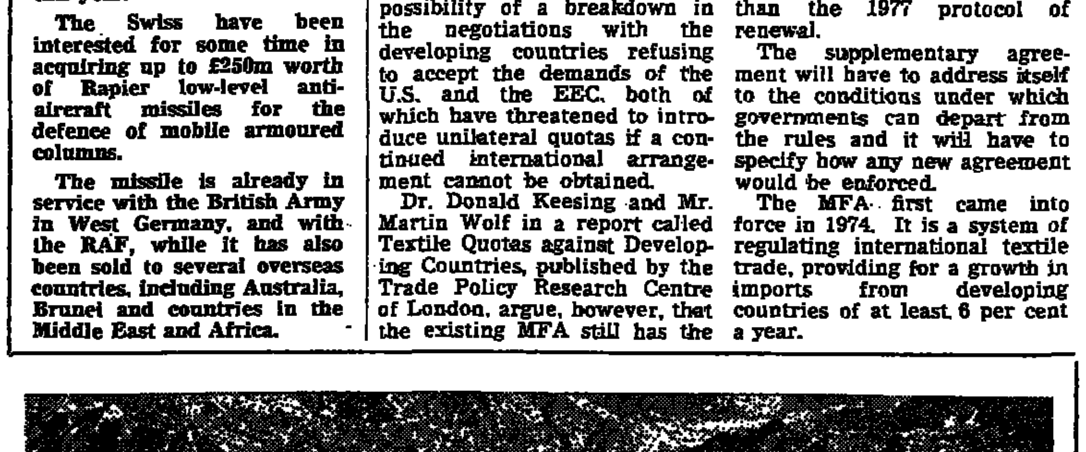
Just how the military rulers plan to find finance is something of a mystery. Between 60 and 70 per cent of export earnings are eaten up in servicing the $3.5bn external debt. Most of these obligations come due in the last three months of this year, as do some heavy import bills. The economic squeeze could generate more unrest.

A $17m loan from the International Monetary Fund, scheduled for delivery at the end of July, has still not been disbursed, although Bolivia has renegotiated its debt to one consortium of international banks, and will pay only the interest on the $172m which fell due during the last five months of this year. No principal needs to be repaid until the end of January.

Most of Bolivia's foreign creditors have little choice about renegotiating debts, although not much new finance is likely. Sr. Siles, the ousted President-elect, said before he left his La Paz hiding place last month for New York that he would not recognise any financial obligations incurred by the military regime.

International image

The military regime's international image has not improved with the passage of time. A delegation from the International Confederation of Free Trade Unions was arrested in La Paz last month and, according to a report issued by the federation, was forced at gunpoint by Col. Luis Arce, the Interior Minister, and other officers to sign traveller's cheques worth about $25,000 destined for Bolivian union members and their families.



The new Government in La Paz, above, is virtually isolated. Only 20 nations have recognised the military regime

Col. Arce later said the money was used to improve conditions for prisoners in Bolivia. He also said the delegation's members had violated legal norms specified by the United Nations when they visited political refugees in the Venezuelan and Mexican embassies in La Paz without obtaining the authorities' permission.

The colonel added: "Foreigners in Bolivia who think they can do what they want run the risk of losing their heads."

The regime has one strong source of financial support—the cocaine traffic. According to several estimates, cocaine is Bolivia's biggest export, bringing in between $600m and $1bn a year.

Whether this trade will see the military regime through the next few months remains to be seen. General Garcia Meza announced last week that drastic economic measures would be taken, in view of the financial crisis. These measures, which the junta leader admitted would not be well-received by Bolivians, may include a devaluation, an end to food subsidies, which cost the Government an estimated $140m a year, and higher fuel prices.

Gen. Garcia Meza has claimed that the civilian politicians left Bolivia virtually bankrupt, and that the regime has no funds for its goal of "national reconstruction." But it has sought to strengthen its support within the military by increasing pay, while at the same time transferring "progressive" officers to obscure posts. The three-man junta has now been declared the supreme ruler of Bolivia.

But rumours of a countercoup continue. Few of Bolivia's innumerable military rulers have lasted very long, and the present regime faces far more obstacles than many of its predecessors.

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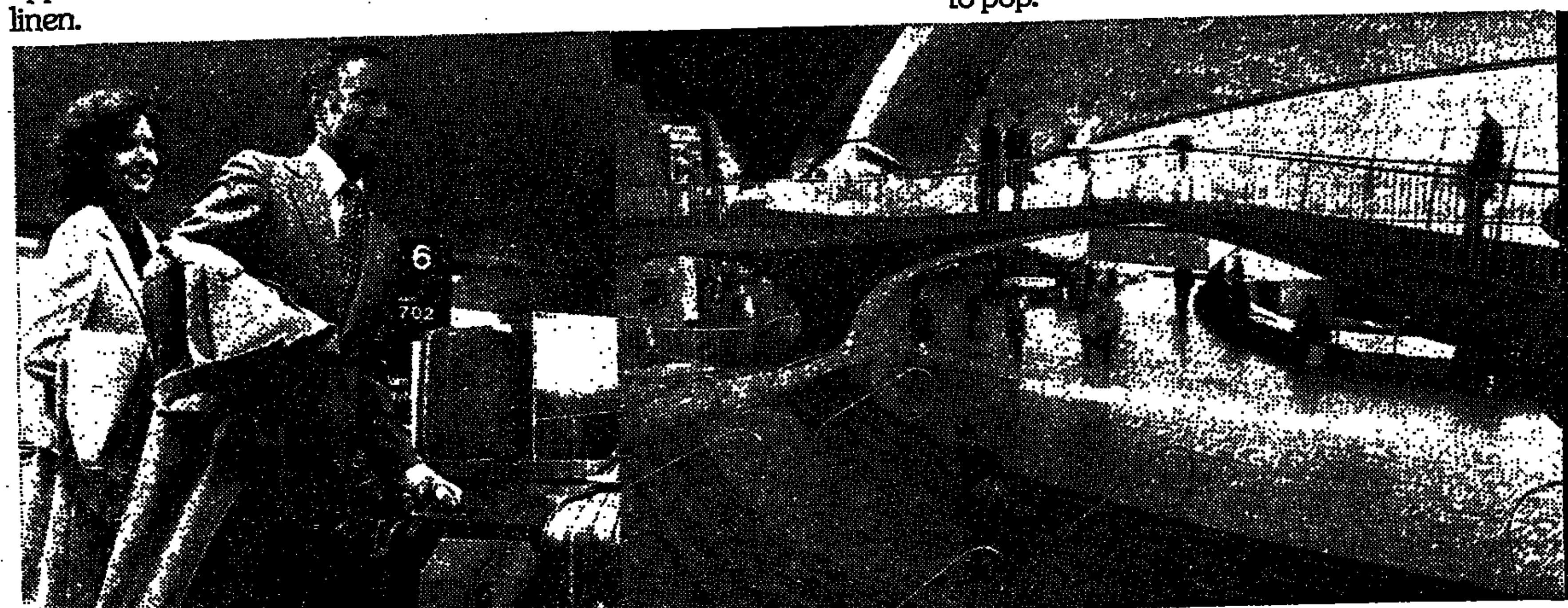

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UK NEWS

Barry Riley looks at the troubles of Scotland's biggest engineering group

Weir pumps squeezed by cash flow trouble

THE REACTION of Weir Group, Scotland's biggest engineering concern, to the severe problems it is facing could be summed up as—" Not so many hands to the pumps."

Weir has been a prominent victim of Britain's intensifying industrial squeeze. Profits were already under severe pressure in 1979, tumbling from £7.6m before tax to little more than £2m (ignoring substantial extraordinary write-offs).

The recent interim statement brought further shocks. For January-June, Weir made a loss of £2.4m, which partly reflected redundancy costs of £1.5m and a doubling of interest charges to £3.6m.

Sales (1979)	£160.3m
Pre-tax profits	£2.1m
Sales (1st half 1980)	£77.9m
Pre-tax loss	£2.4m
Exports (1979)	£65.4m
UK employees (1979 average)	8,539
Capital employed	£54.5m

Financial support

Weir has run into severe cash flow difficulties. During 1979 its net cash position deteriorated by £24.6m and overdrafts reached £28m by year-end. The group has a big loan from Finance Corporation for Industry, so total borrowings last December exceeded £40m compared with shareholders' funds of £36m.

With further attributable losses reducing the latter figure this year, the debt-equity ratio is bond to weaken sharply even if borrowings can be held in check. The interim statement revealed that Weir's bankers have obtained extra charges over the group's assets in exchange for continued financial support.

At one time last year the group was capitalised at more than £30m on the stock market. But with the dividend axed and short-term prospects cloudy Weir has recently been valued at little more than £6m.

Chairman, Lord Weir, denies that the severe measures the group has been forced to take have yet done much permanent damage to its operations or markets.

"What we have tried to do is to bring back our productive capacity and cost structure into line with the level of business which we can realistically expect," he says. Weir is a big exporter (over half of its UK output went overseas directly or indirectly last year), and it anticipates current depressed conditions for demand will last for two or more years.

Three areas of the group have come in for especially severe cutbacks. At Weir Pumps, responsible for much of the loss suffered by the group in the first six months, the employment is being cut by around 1,000. This is around a fifth of the workforce, and is across the board while being slanted towards overheads.

"The cutback in pumps ought not to impair our capacity at all, says Lord Weir. "We have not closed anything there which will never re-open." But he says the calculations depend upon the reduced workforce agreeing to implement major productivity improvements when demand ultimately revives.

The foundry division has suffered even more than pumps. Two out of five foundries have been shut since November, and 1,000 jobs lost out of fewer than 4,000 employees.

But Lord Weir sees some positive aspects. The three remaining units are more modern and efficient, and capacity is in line with what will be required for the longer term. However he recognises that the group has lost the ability to make certain types of casting, particularly at the heavy end, and for the nuclear industry. Lord Weir is worried that the recession is having a dire effect on sub-contractors, with jobbing iron foundries going out of business.

The third part of the group where the axe is being wielded is the desalination business, Weir Westgarth. Two-fifths of the workforce had to go, but the numbers are small and Lord Weir says that historically this has been an erratic business.

Staff levels had risen to a peak to cope with three big contracts. Ideally they would have hired freelance draughtsmen to cope with the peak load in this engineering contracting activity, but such freelances do not exist in Scotland, unlike in London.

Overseas suppliers

The high level of sterling is causing Weir Westgarth to raise the proportion of foreign components included in its desalination plants, many of which are built in the Middle East. The company has always made extensive use of overseas suppliers, but is now stepping up purchases from Italy, Japan and other Far Eastern countries.

"We dislike doing it," says Lord Weir, "but if we are to sell abroad we have no alternative."

At home, Weir Group is responding to the severe financial squeeze by economising on working capital where it can—though it has no large stocks of finished goods or raw materials to run down—and by taking an extremely tough line on capital expenditure.

Inevitably, Weir is suffering badly from the high cost of money. "I go along with everything the CBI says about interest rates. I think the Government has let industry down," says Lord Weir, who feels that the wrong kind of public sector cutbacks have been implemented.

He is bitter about the rate at which Government-influenced cost inputs are rising, a trend which is particularly severe in the energy sector.

"We are giving away £30 a ton on electrical costs for melting to our German competitors," he says. He suggests that industry is subsidising the domestic gas consumer in this country, which erodes competitiveness.

He complains that the Government does far too little to help exporters. "On major projects this country does not give its exporters the assistance which all major competitors get."

How much of the blame for Weir's problems can be attributed to external problems is something on which outsiders may hold slightly different views. They may wonder why the group apparently failed to foresee the scale of the problems it has faced.

Increasing losses

In his annual statement to shareholders in April Lord Weir wrote: "In 1980, although I do not wish to give any specific forecast, I believe that firm evidence of recovery and resumed growth will emerge." Even at the annual meeting in May he seemed to be largely unaware of the losses which were piling up in the first six months.

Although the Weir Group claims that much of its productive capacity will emerge unscathed from the current recession and financial squeeze, there can be little doubt that irreparable damage has been done to its equity base. Some kind of financial restructuring looks inevitable before the group can restore its former health.

Meanwhile FCI and the group's bankers, Royal Bank of Scotland, Lloyds, Williams and Glyn's, are keeping a close eye on Weir's review of the scope of its operations and its assessment of future capital requirements. The outcome could give important clues to the likely response of the banking system to the crisis of manufacturing industry.

WRESTLING WITH RECESSION

Church protest

THE ROMAN CATHOLIC church in Birmingham is cutting its links with 10 British-owned multinational companies in protest over human rights. The archdiocese has decided to sell its £30,000 shareholdings in them after analysing the moral implications of its investment portfolio.

The companies "disinvested" are: the Beecham Group, Courtaulds, Allied Breweries, P & O, John Brown and Company, BICC, British Electric Traction, BTR, and Glynwed and Croda International.

The archdiocese said these failed to supply adequate information or paid unacceptably low wages.

Financial background sought in top jobs

By Arnold Kransdorff

FEWER sales and marketing executives are being appointed to high office in UK companies. The trend continues to be towards appointing men with a financial and banking discipline.

This emerges from the latest survey into the characteristics of executives appointed to the position of chief executive in a nine-month period to June, 1980.

The poll was conducted by head-hunters Heidrick and Struggles.

In the latest period, about a third of the top jobs went to people with sales or marketing experience, compared with about 42 per cent in a similar survey last year. Men with a financial background now account for almost 30 per cent of top appointments, compared with just over a fifth last time.

The preference for financial experience is because "the recession, coupled with high inflation and high interest rates, is forcing companies to look harder at good cash management and a reduction in loan debt," the recruiters suggest.

Their survey also reveals that fewer appointments are being made from external sources, and there is evidence of an increasing preference for chief executives with a higher education.

Consortium loses court battle

A CONSORTIUM of banks led by Singer & Friedlander, the London accepting house, has lost the first stage of a court battle to recover almost £9m allegedly owing under a long-running dispute with Creditanstaldt-Bankverein, the state-owned Austrian bank.

Several years ago the Austrian bank refused to make payment under the terms of three letters of credit owned by the banking consortium.

An Austrian court has now said that Creditanstaldt has no liability under one of the letters of credit. Singer and Friedlander plans to appeal.

Historic wreck

AN ORDER designating an area within the Isles of Scilly, between St. Mary's and Gugh, believed to mark the site of an historic wreck, has been made by the Trade Secretary. The order protects the site from unauthorised interference because of its archaeological information.

Coal sales drive to 'combat cuts'

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE NATIONAL Coal Board is mounting a sales drives, at home and abroad, to combat the recession which is likely to cut UK coal demand by 5m tonnes this year compared with 1970-80, Sir Derek Ezra, the NCB chairman, said yesterday.

He said the planned closure of Bowater's paper mills at Ellesmere Port would mean a lass to the NCB of 200,000 tonnes of sales a year, while the shut-down of several Courtaulds textile mills would mean a further 150,000 tonnes reduction.

"Loss of such large business is a severe blow — but it is also a challenge to the coal industry to go out and find new customers," he said.

With demand continuing to fall because of the recession, total coal sales would be about 5m tonnes less than the 125m tonnes last year.

The industry is taking urgent action to combat the problem, including vigorous sales drives in home and export markets, and cost cutting within the industry.

Sir Derek said many companies in the UK were anxious to convert from dearer oil-fired boilers to cheaper coal-fired ones. Inquiries received by the NCB indicated the potential for new business was already 5m tonnes a year. This compares with industrial sales of almost 11m tonnes.

Sir Derek said companies were defering decisions on conversion to coal in the current financial situation.

Speaking to miners at Hem Heath colliery, Stoke-on-Trent, he said it was essential to keep improving pit productivity. This rose sharply last year and is currently running just ahead of 1979-80's performance, with an average output of 2.23 tonnes a manshift in the first 25 weeks of the year.

Peterhead gas terminal backed by Grampian

FINANCIAL TIMES REPORTER

GRAMPIAN Regional Council planning committee yesterday agreed to recommend approval of a British Gas £500m plan for a North Sea gas reception terminal and substitute natural gas plant at Peterhead, Aberdeenshire.

Infrastructure costs connected with the development are likely to be £14m. The committee is asking the local planning authority dealing with the application, Banff and Buchan District Council, to withhold planning consent until agreement has been reached between the region and British Gas on covering the costs.

The committee will also approach the Scottish Development Department regarding the infrastructure costs of the terminal and substitute natural gas plant which the region has welcomed in its attempts to attract downstream petrochemical industry.

The committee also decided to continue to object on safety grounds to the proposed route of Shell's £65m St. Fergus to Mossmorran natural gas liquid pipeline which will be the subject of a public inquiry at the end of November.

The original inquiry was postponed from September to allow objectors, including Grampian Regional Council and four district councils, time to reconsider their original objections following Shell's announcement that the pipeline diameter was to be increased from 16 inches to 24 inches.

U.S. provides Scots jobs

BY RAY PERMAN, SCOTTISH CORRESPONDENT

U.S. COMPANIES that have set up in Scotland in the last year have created or secured 600 new jobs, Mr. Robin Duthie, chairman of the Scottish Development Agency, said yesterday.

Eight American companies have established new plants or taken over existing Scottish companies. Negotiations are in progress with several others which could lead to a further 1,000 new jobs.

Mr. Duthie, who is leading a mission to the southern United States to attract investment to Scotland, said that reduced demand in the American home market was prompting some companies to look for opportunities in Europe.

"There is a trend of interest in Scotland from smaller companies in diverse industries, many looking overseas for the first time," he said.

UK NEWS

Toshiba may switch off TV sets plant

Financial Times Reporter

TOSHIBA, the Japanese electric and electronic products company, will begin talks today with Rank Organisation on whether to buy out Rank's 70 per cent interest in Rank-Toshiba, their troubled television manufacturing operation in Britain.

Rank announced two weeks ago that the two-year-old joint venture was not viable in its present form and if no buyer was found for its interest—Toshiba has first refusal—it would close the factories at Plymouth and Redruth, Cornwall, putting 2,700 people out of work. Rank estimated its losses on trading this year and winding up the venture could amount to £25m.

Mr. Shoichi Saba, president of Toshiba, who was in London yesterday for the listing of the company's shares on the Stock Exchange, said Toshiba was still interested in manufacturing colour TV sets "somehow and somewhere for the purpose of export to European countries."

Whether this could still be done in Britain depended on whether it could be justified and be profitable. He said the high exchange rate of sterling made exports to Europe, as originally envisaged for the venture, very difficult.

He also admitted that manufacturing costs are a problem but would not explain further. "That is what we are now investigating," he said.

Mr. K. Hiyama, president of Toshiba UK, said the joint venture will produce only 220,000 colour television sets this year compared to a target of 350,000.

Toshiba's share of 140,000 was to be divided into 92,000 sets for export and 48,000 for the UK market. Mr. Hiyama said neither sales target would be met. Sales into Europe were unprofitable.

Other Japanese companies that manufacture in the UK do not seem to have production or sales problems

Sony UK said it was having difficulty keeping pace with demand in Britain. National Panasonic plans to double its production and triple exports over the next year.

GEC-Hitachi, a 50-50 joint venture of General Electric and Hitachi, is exporting 25 per cent of the 200,000 sets a year it produces at Cardiff.

"I would find it very difficult to draw any conclusions from our experience that would explain what has happened at Rank-Toshiba," Mr. Pat Sansom, managing director, said.

London listing, Page 26

Row over secret Land Bill deal

BY ROBIN PAULEY

A FURIOUS row has broken out over the discovery that the Government has allegedly hoodwinked county councils into making a secret deal over the Local Government Planning and Land (No. 2) Bill—but without giving them any real concessions.

The Association of Metropolitan Authorities held an emergency meeting yesterday because the deal was set up without its knowledge. It has called a special meeting for Wednesday.

It has demanded that the deal be discussed at the next meeting of the consultative council on local government finance.

The Tory-controlled Association of County Councils made the deal with Government Ministers last week. It was offered, and accepted, four "concessions" in return for withdrawing its objections to amendments in the House of Lords.

The amendments were putting the future of the Land Bill legislation — particularly the controversial new block grant proposals for rate support —in jeopardy. They will be considered by the Lords today.

The deal came after a private meeting between ministers and Sir Gervas Walker, chairman of the Association of County Councils, followed by a second meeting with Sir Gervas, Sir John Grugeon, chairman of the Association of County Council's policy committee, and Mr. John Lovell, Sir John's deputy.

It is thought the trio were tempted with figures showing that Conservative shire counties will get more of the grant next year if the Bill goes through than if it is wrecked. But this has been known all along and a deal on that basis could have been set up in the Commons.

The most extraordinary "concession" is the Government's promise to change the Bill to prevent a future Labour Government using its financial provisions to penalise councils for underspending.

This amendment would have been tabled anyway. Mr. Tom King, Local Government Minister, told the Financial Times more than three months ago that the Government would certainly accept it.

The next concession is to limit the use of multipliers—formulae used to change the amount of grant to an authority to a different amount as decided by the Government.

Although the agreed change lists a restricted use for multipliers the Government still has unlimited freedom because the amendment ends ". . . or for such other purposes as the Secretary of State may determine."

A concession on publication of information means the Government cannot require information to be published quarterly rather than annually without first justifying the demand to both Houses of Parliament. This is not seen as a significant change, inside or outside the Association of County Councils.

Details of the deal unfolded in Londan and at the Tory Party conference in Brighton where the Tory leaders of the Association of Metropolitan Authorities and the Association of District Councils reacted with anger and ridicule.

Sir Godfrey Taylor, the Association of Metropolitan Authorities' Tory leader, said a deal was one thing but to end up with a "bag of fresh air" was preposterous.

Penalties proposed

BY ROBIN PAULEY

THE GOVERNMENT faces embarrassment in the House of Lords today because it is proposing to impose financial penalties on two of its "favourite sons" the metropolitan police force and the Tory-controlled Greater London Council. The council has been diligently cutting costs and staffing levels in line with Mrs. Thatcher's policy. The Inner London Education Authority will also lose money.

The row will come when the Lords discuss the financial clauses of the Local Government Planning and Land (No. 2) Bill.

These clauses include the powers necessary for Mr. Michael Heseltine, Environment Secretary, to penalise 14 councils for spending more than the Government thinks they ought to spend.

The problem arises because of the complicated way in which councils receive grant. Three London councils — Lewisham, Brent and Waltham Forest— receive resources element— which is a special grant to compensate for a level of rateable resources below a standard set by the Government.

The three councils stand to lose £1.91m in penalties. The result will mean the police losing about £200,000 as a consequence, the GLC £400,000 and ILEA £700,000. The loss would have to be made up from balances and/or rate rises next year.

Sales of council houses blocked

By John Lloyd

SALES OF council houses, available to tenants for the first time this week under the Housing Act, are being blocked by a number of local authorities.

Councils must consider applications for purchase of council houses from council tenants of three years standing.

At least four councils, all Labour controlled, are either unable effectively to process applications because of action by the National Association of Local Government Officers, or have yet to comply fully with the Act.

In Glasgow, the local NALGO branch yesterday voted not to co-operate with the processing of application forms, alleging that the council had not fully consulted with its members on new procedures.

Glasgow district council said it had decided to "comply with the letter of the law," though it would do so reluctantly. It was seeking to arrange a meeting with the NALGO branch "as a matter of urgency."

In Newcastle, NALGO action has not so far stopped the issuing of application forms. But responses are likely to be delayed because of a decision by the branch not to co-operate

In Sheffield, where the council has several times expressed its strong opposition to council house sales, no decision has yet been taken on whether to process applications. The issue will come up at the Labour group meeting next Thursday.

Japanese car imports rising

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THERE WAS no chance of Japan reducing its share of the UK new car market to under 11 per cent this year, Mr. Sam Toy, new chairman of Ford of Britain, claimed yesterday.

He was speaking after official figures showed Japanese penetration had reached 12.6 per cent after nine months of 1980 against 10.5 per cent at the same time a year before.

Mr. Toy pointed out the Japanese would have to hold the market share down to 2.8 per cent for the last quarter of the year and that would not be possible.

Japanese shipments in December to July were at a record 20,000 a month on average. "And if the dealers have the cars they will sell them. The shipments will turn into sales," commented Mr. Toy.

He questioned whether the gentlemen's agreement between the Japanese and British motor industries was "as powerful as it might seem."

The industry has been surprised by the resilience of the market so far this year. According to the Society of Motor Manufacturers and Traders statistics, sales last month were the second highest for any September at 128,900. That was 17.3 per cent ahead of September 1979. The peak September was in 1978 when sales were 132,761.

As a result of the good September performance, the society has revised upward its forecast for the year and now expects registrations to reach 1.51m, compared with the forecast of 1.5m in January and 1.72m registrations in 1979.

For the first nine months of 1980, sales were running 9.6 per cent below those for the same period last year at 1,273,078.

The importers' share rose from 55.8 to 58.4 per cent over the period.

Ford remains the major importer. Over the nine months nearly 49 per cent of all Fords registered were assembled outside the UK.

UK CAR REGISTRATIONS

	September				9 months ended September			
	1980	%	1979	%	1980	%	1979	%
Total UK produced	59,679	46.30	48,642	44.27	529,902	41.62	622,748	44.21
Total imports†	69,221	53.70	61,246	55.73	743,176	58.38	785,957	55.79
Total market	128,900	100.00	109,888	100.00	1,273,078	100.00	1,408,705	100.00
Ford*	42,242	32.77	25,440	23.15	389,954	30.63	387,866	27.53
BL*	24,755	19.20	24,492	22.29	222,584	17.48	286,316	20.32
PSA—Talbot*	7,530		7,326		75,974		101,928	
Peugeot	1,284		2,563		21,259		31.634	
Citroen	1,990		2,414		23,705		27,738	
Total PSA	10,804	8.38	12,303	11.20	120,938	9.50	161,300	11.45
General Motors—Vauxhall*								
Opel	1,676		1,814		19,352		22,669	
Other GM	98		124		834		1,006	
Total GM	8,130	6.31	10,348	9.42	112,522	8.84	117,491	8.34
Datsun	6,979	5.41	6,500	5.92	84,113	6.61	80,740	5.73
Renault	6,881	5.34	5,045	4.59	73,648	5.79	73,770	5.24
VW/Audi	5,731	4.45	5,129	4.67	55,535	4.36	61,794	4.39
Fiat Auto—Fiat	5,274		5,402		41,166			
Lancia	1,112		467		5,067		7,891	
Total Fiat Auto	6,386	4.95	5,869	5.34	46,233	3.63	67,584	4.80
Volvo	3,041	2.36	2,360	2.15	31,368	2.46	29,942	2.13

* Includes cars from companies' Continental associates which are not included in the total UK figure.
† Includes cars from all sources including cars from Continental associates of UK companies.

Source: Society of Motor Manufacturers and Traders

Country of origin orders introduced

THE GOVERNMENT yesterday published details of its proposals to introduce compulsory country of origin marking on a wide range of consumer goods.

Mrs. Sally Oppenheim, Minister for Consumer Affairs, has sent interested organisations draft copies of the two statutory orders due to come into operation at the beginning of 1982.

The first order will require clothing, textiles, footwear, domestic electrical appliances, and cutlery to be marked with—or accompanied by—a clear indication of the country of manufacture. Country of origin information will also have to be given in mail order catalogues and in similar forms of advertising.

The second order will clarify in particular the provisions relating to silver-plated stainless steel cutlery.

Many retailers have already criticised the proposed legislation for being unnecessary and likely to lead to higher prices.

Deception alleged

AN INSURANCE claims clerk —Mr. Nelson Philip Soares— appeared in Mansion House court on Tuesday charged with attempting dishonestly to obtain the sum of £210 by deception through a false insurance claim on a Cartier cigarette lighter. The claim was made against Lloyds of London underwriters. He was remanded on bail until December 8.

Changes at British Shipbuilders designed to achieve profitability

MR. ROBERT ATKINSON has only been chairman of British Shipbuilders for three months but he has wasted no time making his presence felt in the state-run industry which lost £109.9m in 1979-80.

His new management structure, unveiled yesterday, is designed to ensure that the corporation becomes profitable within four years. It marks the most fundamental change in the corporation's affairs since nationalisation in 1977.

The key to Mr. Atkinson's management reorganisation is a new divisional structure which will reduce the number of people reporting directly to the chief executive—more than 40 under the old regime. The title of managing director has been replaced by director and some of the posts have been abolished in the new streamlined structure.

William Hall on the state industry's new management structure

Five divisions are to be established — merchant shipbuilding, warship building, repair, marine engineering and offshore. Each will have its own financial controller. Mr. Atkinson will be the chairman of each division, which will be headed by a divisional chief

The most important division in terms of turnover and manpower is merchant shipbuilding, and this will be headed by Mr. John Parker, the board member for merchant shipbuilding, who was appointed deputy chief executive last week.

An Ulsterman, Mr. Parker, aged 38, was closely associated with the marketing of the SD 14 —the world's best selling merchant ship.

This division has been subdivided into three subdivisions. Mr. John Steele, aged 44, who has risen from apprentice draughtsman at Swan Hunter to chairman, will head the two composite yards which produce merchant and naval ships— Cammell Laird and Swan Hunter.

Mr. Derek Kimber, chairman of Austin and Pickersgill, (A and P), Britain's most successful merchant shipbuilder, will take charge of the four big merchant yards—A and P, Govan, Smith's Dock and Sunderland.

Finally, Mr. Jim Venus, who pioneered shipbuilding under cover in the UK before he temporarily retired for health reasons, has been brought in to look after the half dozen small shipbuilders.

These three appointments are expected to be regarded favourably in the corporation's middle management since all three men are respected and long established shipbuilders.

The next biggest division is warship building, to be headed by Mr. Jack Daniel, former director general of ships, Ministry of Defence, who joined the corporation in April 1979. He is a member of the main board.

The new ship repair division is not much different. It will continue to be run by Mr. Eric Mackie who will swap his title of managing director, ship repair for divisional chief executive. The headquarters, however, is being moved to the offices of Tyne Shiprepair in South Shields.

The organisation of British Shipbuilders' remaining two divisions is slightly less clear. A new engineering division will embrace both general engineering and marine engine building.

Mr. Leo Curran, who joined the organisation from Plessey Hydraulics in June 1979 as board member for engine building and engineering, has been made chief executive of general engineering.

Mr. Atkinson said yesterday that "since the engine room and its main auxiliary now represents nearly 45 per cent of the cost of a ship, it is appropriate to give it more overall consideration."

But Dr. Peter Milne, the former managing director of shipbuilding operations, has been brought in as divisional chief executive of marine engineering with the task of revitalising marine engine building.

One of Mr. Atkinson's most significant changes is the establishment of a strengthened offshore division. This will be based at Scott Lithgow on Clydeside and a new chief executive is being sought for what could be one of the most important jobs at British Shipbuilders.

Mr. Atkinson has never hidden his concern that British Shipbuilders has largely missed out on the offshore market on Britain's doorstep.

He plans to recruit some outside executives to ensure that the corporation's intention in this field are taken seriously. Scott Lithgow will also continue to build merchant and naval ships.

Mr. Atkinson has also overhauled many of the ancillary service functions in the organisation. Tony Smith, chairman of Cammell Laird, has been made director of marine technology. His job will be to ensure that British Shipbuilders keep abreast of the latest technological developments.

Another new face to appear in the corporation's upper echelons is Dr. Martin Shopford, who has been appointed director of business development in succession to Dr. Harry Kinloch, who has resigned.

BRITISH SHIPBUILDERS' NEW STRUCTURE

	Turnover £m	Employees	Chief Executive
Merchant	321	29,471	John Parker* John Steele—Mixed Yards Derek Kimber—Merchant Yards Jim Venus—Small Yards
Warship	304	10,483 19,100	Leo Curan*— Jack Daniel*
Engineering	115		General Peter Milne—Marine
Shiprepair	53	4,916	Eric Mackie
Offshore	59	5,706	†

* Board member
† John Parker temporarily doing the job until replacement found

UK NEWS

New technology potential undervalued, says survey

BY JASON CRISP

HALF OF British companies still do not appreciate the importance of microelectronics and are not doing anything to adopt the new technology, says a survey by MORI conducted for the Department of Industry's Microprocessor Applications Project.

Three years ago, a Department of Industry survey found that only 5 per cent of UK companies were both aware of the potential of new technology and taking action, although a further 45 per cent were broadly aware. Among the 50 per cent who are aware, the position has much improved, MORI reports.

Officials at the Microprocessor Applications Project, now half way through its £55m budget, are still very concerned at resistance in parts of British industry to new developments available from microelectronics which will have a significant impact on their business.

Small companies—the main recipients of MAP support—often are not aware that microelectronics affect them, while in large companies there are often problems in getting applications of microelectronics through the structure of the organisation.

Two thousand directors of "significant" companies have attended one-day workshops organised by the department and 132,000 people have attended seminars which have been subsidised by MAP.

About 800 companies have taken advantage of MAPCON, a scheme providing up to £2,000 worth of consultancy on the feasibility of the use of applying microprocessors to products or processes.

Of the 800, only 10 per cent have gone on to take advantage of MAP's project support scheme which provides grants of up to 25 per cent towards the cost of developing an application of microelectronics. A further 10 per cent are believed to have gone ahead on their own.

The Department of Industry has spent £25m to date on encouraging British industry to catch up with countries such as the U.S. and Japan in the application of microelectronics.

Project support has accounted for £15m which includes a British-built version of the American Vascar radar device used by the police to catch speeding motorists and an agricultural product which measures chemicals as they are sprayed on crops.

More than £7m has been spent on training and awareness and £3.3m on consultancy. MAP is currently considering a further £5m of assistance.

Although MAP still hopes to enlighten more of the 50 per cent of unaware companies, it plans to become more specialised in its efforts. Two sectors which have been isolated are plastics processing and food processing.

A two-day conference is being sponsored at the University of Manchester Institute of Science and Technology specially for small companies. The first day is a general lecture and familiarisation with microelectronics.

Group loses whisky but passes on to port

By Andrew Fisher

MATTHEY CLARK, the wines and spirits group, expects to balance out next year's losses of the Glenlivet malt whisky distribution agency with its new Graham's port business, chairman Mr. Francis Gordon Clark said.

Glenlivet was worth around £50,000 in gross profits last year to Clark, which is losing the agency next May because Seagram, the Canadian owner, has decided to take worldwide distribution of all group products under its own wing.

Graham's port, one of the leading brands, is distributed by Luis Gordon, the Pedro Domecq sherry company. Matthew Clark will take over the agency next April.

Matthew Clark has been associated with Glenlivet for over 50 years. The loss of the business "will be a wrench, certainly on emotional wrench," said Mr. Gordon Clark. "However," he added, "a good port producing company like Graham's has at least as much going for it as a first class malt like Glenlivet."

Christmas sales

As for Matthew Clark's general prospects, he said trade had obviously been affected by the UK recession. Current sales in the period leading up to Christmas were "not particularly promising."

But he noted that major spirits suppliers like Martell and De Kuyper had the financial strength to combat a certain amount of adversity, while the company's investments in J. E. Mather had created the most cost-effective winery in Britain.

J. E. Mather was continuing to raise its share of the British sherry market and was currently running slightly ahead of last year in both sales and profits, he said.

Matthew Clark owns 52 per cent of Mather. The rest is jointly held by Bass and Watney's, part of Grand Metropolitan.

The rise in group profits last year of 19 per cent to £2.7m before tax was mostly due to Mather, where profits were up by more than £600,000 to £1.6m.

Sharp jump in business failures

BAD DEBTORS and business failures during the third quarter of the year showed a sharp increase on the figures published for the second quarter, and were the highest total since the first quarter of 1976.

Latest figures from Trade Indemnity, Britain's largest underwriter of credit insurance which is controlled by the country's major insurance group, show the total of failures notified to the company reached 645 in the third quarter. This is an increase of 22 per cent on the 499 failures in the second quarter, and a jump of 55 per cent compared with the third quarter of 1979.

The sharpest increase in failures over the second and third quarters occurred in the furniture and upholstery indsutry, with a 48 per cent rise, followed by textiles and clothing which showed an increase of 43 per cent.

In the same period, failures in retail an dwholesale distribution went up by 22.7 per cent, in engineering and metals by 19 per cent, while in the building and construction sector there was a small fall from 112 to 109 in notified failures.

Comparing the first nine months of 1980 with the same 1979 period, total failures went up by 68 per cent to 1,638, engineering and metal companies leading with a 139 per cent jump to 320, followed closely by textile and clothing with 118 per cent more failures at 295.

Furniture, and upholstery, increased by 80 per cent and building and construction by 17½ per cent. Retail and wholesale distribution failures rose by 51 per cent.

Trade Indemnity, which started compiling this series of statistics in the final quarter of 1976, said that from mid-1970 onwards a developing consumer boom led to a steady decline in the numbers of debtors and failures.

This trend bottomed out in 1973, and 1974 saw a sharp deterioration which continued into 1975 and 1976.

The following year saw a reduction on the two previous years, but part of this was due to changes in legislation.

Following a further reduction in failures in 1978, there was a sharp increase in the first quarter of 1979, a fall in the second and third quarters and a marked rise in the fourth, which continued into the first half of 1980.

Gordon Procter agency has £3m debts

ADVERTISING AGENTS Gordon Procter and Partners, who owe more than £3m, were criticised yesterday for their "inadequate financial management by joint liquidator, Mr. Ian McIsaac.

He told a creditors meeting that the bigger the agency became—it was 34th in the agency billing league table in 1979—the greater was its difficulties.

"GP and T was clearly overtrading and its costs, including in particular salaries and personnel overheads, were increasing at a rate much faster than the agency's net billings," said Mr. McIsaac.

In 1979, when the company was suffering losses, the salaries of the directors totalled £212,500. The directors at the liquidation date were Brian R. Stevens, Anthony R. Harris, Michael J. Blease, Laurence Co-Freeman, Charles H. F. Cruttenden, Peter E. Lough, John D. Hughes, Paul D. Hoppe and Dennis F. Lay.

Mr. Stevens said that the Board appointed a financial expert in 1978, but it became increasingly worried about what was happening in the accounts department. In September 1979 the financial expert left the company.

"With very little, and perhaps incorrect financial management information being available to the Board, it would now seem that major decisions were being made on erroneous assumptions," said Mr. McIsaac.

The creditors were told of boardroom disagreements, problems caused by the 1979 commercial TV strike, and cash flow difficulties when a major client, Dunbee-Combex-Marx toy group, went into receivership owing the agency about £250,000.

Most of GP and T's clients have been transferred to new agencies, which will pay a commission on all billings for the next year.

A statement of affairs disclosed the following liabilities: receiver's trading debts £30,000, preferential creditors £123,000, balance due to a debenture holder £16,000, unsecured debts of £3,021,481. Assets were estimated to realise £2,107,300. The estimated deficiency to crediors was put at £1,083,181.

A number of newspaper and television companies were listed among the creditors.

Mr. McIsaac of Touche Ross, and another London accountant, Mr. Brian Mills of Booth, White, were appointed joint liquidators.

Recession 'deeper than expected'

THE recession which has spread to most of the industrialised world will probably be somewhat deeper than expected, with the major countries' Gross National Product expected to show little change in 1980, according to the latest report on the international outlook from the London Business School.

Consumer price inflation is expected to average slightly above 12 per cent this year among the main industrialised nations. This reflects the 150 per cent increase in oil prices over the last 18 months as well as an increase of 20 per cent in non-oil commodity prices last year.

But the report forecasts a marked slowing of inflation next year, with the increase in consumer prices expected to drop to just under 7 per cent.

The drop in the rate of growth of manufacturing prices is expected to be even sharper, falling from a projected 15 per cent this year to 6 per cent in 1981.

The report says the recession which began in the U.S. at the start of the year became general in the second quarter when industrial production among the major countries fell by 2 to 3 per cent.

The downturn is not expected to bottom out until the first quarter next year, when industrial output is forecast to have fallen by 5.5 per cent from the first quarter 1980 peak.

World GNP is likely to fall a further 0.7 per cent next year. But the report foresees a sharp recovery in 1982 to 1984, with GNP rising by 4 to 5 per cent in each of these years, assuming only moderate increases in the real price of oil.

Moves to improve bank accounts

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE English Institute of Chartered Accountants has initiated a number of moves to improve the quality and understanding of bank accounts.

A study aiming to explain the special nature of bank accounts will be published by the institute—the first such in the UK. It is being prepared by experts from the Bank of England, Price Waterhouse and Deloitte Haskins and Sells.

In a related move, the institute's London Society has set up a special new study group on bank accounts, which will meet monthly. It is hoped that the group will serve as a forum at which auditors and bankers can come together to discuss topical issues affecting bank accounts. The first meeting will be held this evening.

Both initiatives reflect a growing desire within the accountancy profession to bring the quality of UK bank accounts into line with those of industrial and commercial companies.

Among the more contentious issues which are worrying bank auditors are "window-dressing"—whereby a bank's financial statements are manipulated so as to give a better picture—and the extent to which banks may be smoothing profits by creating excessive provisions for bad debts.

Plan to abolish married man's tax allowance

A PROPOSAL that the married man's tax allowance be abolished and some of the £2.5bn saved be spent on innovating forms of employment practices to help working parents was made in an independent report published today.

The report, called Work and the Family, calls for a benefits package to help parents manage work and family.

A package has been introduced in Sweden where it includes six months paid leave for either parent after the birth of a child. A further three months paid leave is given for either parent — to be taken at any time in their child's first eight years — and parents have the right to a six-hour working day.

The report says the Government could play a more positive part in encouraging change. Apart from improved services and benefits it could, as an employer, innovate new practices.

Government loans for small businesses urged

BY ROY HODSON

AN APPEAL for Government help to assist small business weather the recession during the coming winter was made to Sir Keith Joseph, Industry Secretary, when he met leaders of the aluminium industry last night.

Few if any of the aluminium fabricating plants in Britain were making money at the moment, said Mr. Dennis Fredjohn, managing director of Alusuisse (UK), president of the Aluminium Federation speaking at the federation's dinner in London.

Mr. Fredjohn told Sir Keith, the principal guest, "The douche of realism you have turned on us may be invigorating but it will leave most of industry shrunken, misshapen, and spiritually damp."

He asked Sir Keith to press for the introduction of a Government guarantee for loans to small business of up to £100,000.

Such loans would help the small company which lacked the financial strength or parentage to fund a difficult trading period.

If the Government would guarantee 75 per cent of such loans the clearing banks could be expected to accept a quarter of the risk. The Government might go further by introducing an element of subsidy on interest rates for such loans while rates remained high.

Mr. Fredjohn also asked Sir Keith to "give us some idea of what you and your colleagues in Government think the future offers. If it is exciting hold up the vision for all to see. We can endure a great deal if we know where we are going . . . or, rather, where you are taking us."

New owner for Herbert's Edgwick plant

By Elaine Williams

TOOLING INVESTMENTS is now the owner of the Alfred Herbert machine tool plant at Edgwick, Coventry, following the contract signing yesterday.

The sale ensures that 450 workers at Coventry, out of an original workforce of 1,000 will retain their jobs.

Tooling Investments will continue to operate the last major Herbert plant under the Alfred Herbert name. It will manufacture the new range of advanced technology turning machines and factored spares for all those products previously made at Edgwick.

Tooling Investments specialises in the sale of used machine tools and high quality reconditioned tools. It had already bought Herbert's reconditioning works at Red Lane, Coventry.

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'More cash for old' call by Murray

By Our Labour Staff

A CAMPAIGN to persuade the Government to accept the objective and the economic consequences of paying "fair and adequate" pensions was called for yesterday by Mr. Len Murray, TUC general secretary.

Elderly people were entitled to a living wage from the state, he told the London joint council for senior citizens.

He deplored the Government's decision to alter the system which guaranteed pension increases based on the rise in national average earnings, if these rose faster than prices.

"The meanness and the deliberate nature of their attack on pensioners is manifest not only in this decision but also in the iniquitous two-week delay in paying the uprated pensions in November."

Mr. Murray underlined the TUC's commitment to seek an income for a single pensioner of at least a third of national average earnings and of at least a half for a married couple.

Metro not hit

BL said that a dispute with rectifiers at its Longbridge plant, Birmingham, yesterday did not affect output of the Metro. The dispute arose after rectifiers were moved from one work area to another.

Unions plan pay action centre

BY PAULINE CLARK, LABOUR STAFF

PUBLIC SERVICE unions are considering a unique plan to set up a special secretariat within the TUC to help their negotiators present a common front in the battle against this year's Government cash limits.

The secretariat would serve all union interests within the sector, ranging from council workers and possibly civil servants to the many smaller groups such as local authority building and maintenance craftsmen.

The idea, floated by Mr. Geoffrey Drain, general secretary of the National and Local Government Officers Association at a recent meeting of the TUC public services committee is expected to gain momentum over the next few weeks as public service wage bargaining gets underway.

In the fact of Government determination to use the sector as a shop window for single figure pay settlements in the new wage round, the unions believe they need a central forum for swapping information on each stage of their bargaining processes.

The plan is an extension of an unprecedented move by health service union leaders last month to set up their own information secretariat to enable the TUC to monitor the pulse of health service pay bargaining this year.

Union leaders in that sector are aware of the disarray in last year's wage round when their bargaining strength was seriously undermined by lack of coordination.

Certain key groups such as nurses and hospital clerical workers, for instance, failed to live up to expectations of leading a united battle over the 13 per cent cash limits—something union leaders do not want to see repeated.

The TUC working party has now sent a circular to all 14 health service workers' union negotiators specifically setting out the information to be collated.

It wants to know from each group details of their claims, the response from employers, any approaches to Ministers, any threats of manpower cuts, progress of negotiations and dates of meetings, any early indications of industrial action and finally any settlements reached.

The scene for the coming wage round in the public sarvices was formally set yesterday when leaders of 90,000 local authority building and civil engineering workers became the first group to table a wage claim.

They are demanding an increase of at least 16 per cent, plus improvements in holidays and a cut in the working week. Similar package claims will soon be tabled for about 1.5m local authority manual workers and 250,000 hospital ancillary workers.

Mr. Ron Keating, national officer in the National Union of Public Employees, said yesterday that unions want the 1974 position restored—when council workers' pay was based on two-thirds of the national average earnings level.

A special delegate conference representing 42,000 gas manual workers has warned that they will lodge a 25 per cent pay claim unless employers agree to consolidate their bonus payments which can amount to up to 55 per cent of the wage packet.

Drivers ask rail-users to oppose cuts

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL users are being urged by a rail union to take action to "save the railways." The train drivers' union, ASLEF, is pressing BR customers to lobby their MPs and local councils to oppose any proposed line closure or cut in services.

Significantly, the union's leaflet urging such kinds of protest against rail cuts takes almost the same form as one to its own members calling for strong support for tomorrow's planned mass lobby of the Conservative Party conference in Brighton.

ASLEF's unusual approach to rail users follows a speech made last month at the TUC by Mr. Ray Buckton, ASLEF general secretary. He suggested that rail customers should join ASLEF and other rail unions if they took industrial action against cuts or other reductions in services by boycotting the trains.

The union's leaflet to users, asks them directly: "Do you want to see services and standards cut until there's nothing left?"

The effect of the present recession threatens the railways' existence, the union states. It calls for immediate investment, saying that without such an urgent move "there will inevitably be massive cuts in services, line closures and further deterioration in the reliability and comfort of rail travel.

"The proces of decline has already started. Soon, BR will reach the point of no return. We must make more money available now—otherwise there will be no railways left when things pick up."

Boilermaker claims vote was unfair

By Raymond Hughes, Law Courts Correspondent

ALLEGATIONS OF malpractices in the recent election for general secretary of the Boilermakers' Society are to made in pending High Court proceedings, the court was told yesterday.

The unsuccesful candidate, Mr. Barry Williams, the union's full-time delegate for Liverpool and North Wales, is to seek injunctions against the union and his rival for the post of general secretary, Mr. James Murray.

He will seek an order asking the union not to cause or allow Mr. Murray to hold office, or treat him as general secretary elect or designate.

The claim against Mr. Murray, the executive member for Scotland and chairman of the executive council, is for an order stopping him "holding himself out" as general secretary.

Mr. Alexander Irvine, QC, for Mr. Williams, told Mr. Justice Fox yesterday that Mr. Murray had been declared the successful candidate in the election.

Mr. Williams' application concerned various allegations of malpractice on the part of the union and Mr. Murray in the course of the election. The allegations were denied, said Mr. Irvine.

By agreement, the application was adjourned to a date to be fixed

TUC team to warn Thatcher on jobless

BY NICK GARNETT, LABOUR STAFF

TUC CONCERN with unemployment will be the main plank in arguments senior trade union leaders will make to the Prime Minister when they meet her on Tuesday.

This will be coupled with a warning of serious social unrest, possibly in South Wales, unless the Government alters its financial and economic policies.

Concern at the prospect of non-traditional forms of union protest is reflected in a meeting scheduled for next month in Cardiff between the TUC's nationalised industries committee and the Wales TUC. It is to discuss South Wales problems, generated particularly by difficulties within the steel and coal industries.

Mrs. Thatcher will be told that although the unions generally believe the economy is best managed by co-operation between governments and unions, any Government hope in achieving greater trade union co-operation, on such matters as pay, is dependent on policy shifts.

Most senior union officials believe this will not happen in the near future. As a result they feel the question of greater union co-operation is largely academic.

The TUC's economic committee yesterday adopted a broad strategy which will be presented to Mrs. Thatcher by Mr. Alan Fisher, the TUC chairman, Mr. Len Murray, TUC general secretary and Mr. David Basnett, general secretary of the General and Municipal Workers Union who was re-elected unopposed as chairman of the economic committee.

The meeting with Mrs. Thatcher will be preceded by a meeting of the TUC General Council.

Trade union leaders will again stress their view, shared by the CBI, that interest and exchange rates must be brought down and that there must be more financing of the Manpower Services Commission.

They will also emphasise that there cannot be a proper recovery without a national economic plan

Daily Star verdict put off

BY JOHN LLOYD, LABOUR CORRESPONDENT

PRINT UNIONS have won an extension of the period in which a decision must be taken on the future of the Daily Star's London printing operation.

At a meeting two weeks ago, Lord Matthews, chairman of the Express Group which owns the Manchester-based tabloid, said that £2.5m worth of savings had to be found within a month. That period has now been extended by two weeks.

The Express Group said that the reason for this extension was the amount of time that had been taken up by the merger of its London Evening Standard with the Evening News, belonging to Associated Newspapers.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1979							
1st qtr.	110.4	102.5	98	100.4	133.6	1,351	234
2nd qtr.	114.8	107.0	107	106.0	144.5	1,299	256
3rd qtr.	112.6	103.1	99	99.0	143.8	1,269	247
4th qtr.	112.5	103.8	106	101.0	151.0	1,286	230
1980							
1st qtr.	110.4	100.6	97	102.4	156.7	1,379	193
2nd qtr.	106.6	97.1	92	100.6	160.0	1,492	160
March	109.0	98.2	105	101.8	158.4	1,414	181
April	106.5	97.9	94	101.3	159.7	1,458	169
May	105.1	96.3	92	99.7	158.9	1,484	163
June	107.1	97.2	89	100.7	161.1	1,535	147
July	106.4	96.7		99.3	160.1	1,606	126
Aug.				100.1	162.3	1,696	120
Sept.						1,784	113

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
1st qtr.	105.9	99.1	127.0	98.7	98.4	100.0	12.9
2nd qtr.	108.8	102.7	133.1	102.6	110.0	103.4	21.3
3rd qtr.	105.9	95.9	132.3	94.7	103.8	100.6	21.0
4th qtr.	105.0	101.0	129.5	98.9	102.6	96.0	18.1
1980							
1st qtr.	104.8	101.5	124.2	99.2	60.3	91.9	12.3
2nd qtr.	100.1	96.3	122.2	93.6	88.5	86.4	16.2
Feb.	105.0	103.0	123.0	101.0	55.0	92.0	11.4
March	102.0	98.0	124.0	95.0	64.0	89.0	12.2
April	101.0	97.0	121.0	95.0	81.0	88.0	15.0
May	98.0	96.0	122.0	93.0	93.0	85.0	17.0
June	101.0	96.0	124.0	93.0	92.0	86.0	16.6
July	102.0	97.0	122.0	94.0	86.0	88.0	13.5
Aug.							11.3

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
1st qtr.	109.0	116.9	−1,602	−965	−235	106.8	16.78
2nd qtr.	135.3	128.9	−525	−264	−229	106.2	21.69
3rd qtr.	129.8	128.1	−492	+ 5	−158	106.5	23.18
4th qtr.	129.3	128.9	−785	−639	−157	103.5	22.54
1980							
1st qtr.	132.2	126.5	−632	−162	−126	100.5	24.87
2nd qtr.	128.6	124.5	−301	− 68	− 29	102.3	28.15
March	129.3	123.0	−126	+ 30	− 5	100.4	26.96
April	126.8	128.4	−303	−225	+ 26	101.6	28.01
May	129.8	120.8	− 1	+ 77	− 25	102.0	28.28
June	129.1	124.4	+ 3	+ 80	− 30	103.5	28.17
July	129.8	118.5	+261	+336	+102	103.8	28.27
Aug.	127.1	120.9	+ 63	+138	+ 10	105.2	28.29
Sept.							27.64

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
1st qtr.	7.2	8.4	32.6	+1,296	777	1,581	13
2nd qtr.	5.2	15.6	28.5	+2,628	777	1,867	14
3rd qtr.	12.0	11.2	13.2	+3,642	933	1,879	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,954	14
1980							
1st qtr.	−4.0	7.2	21.9	+1,724	634	1,974	17
2nd qtr.	−1.5	10.7	23.3	+3,218	697	1,972	17
March	−2.3	8.2	35.4	+ 716	200	641	17
April	−4.0	5.9	18.8	+ 702	266	675	17
May	4.0	12.6	21.8	+1,147	225	621	17
June	−4.9	13.7	28.8	+1,369	206	676	17
July	11.7	36.5	50.8	+3,482	340	667	16
Aug.	11.2	40.8	46.4	+2,016	307	624	16
Sept.							16

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	72.4
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	73.8
3rd qtr.		202.0	203.6			275.13	75.6
Feb.	167.3	197.6	191.5	248.8	246.7	304.27	73.2
March	172.8	200.4	194.3	252.2	251.1	284.47	72.6
April	175.0	202.3	197.0	260.8	254.1	275.67	72.6
May	178.1	200.4	199.0	263.2	255.7	268.23	74.3
June	183.7	201.1	201.0	263.7	257.9	267.45	74.4
July	185.0	201.7	202.7	267.9	259.9	273.57	74.7
Aug.		201.8	203.6	268.5	259.0	275.38	76.2
Sept.		202.4	204.5			276.44	76.0

* Not seasonally adjusted.

UK NEWS — CONSERVATIVE PARTY CONFERENCE

Finding victims for the scaffold

BY JOHN HUNT

EVEN BY THE curious standards of annual party conferences, the events at Brighton yesterday turned out to be very rum indeed. For days past the Right-wingers had been preparing a lynching party for Mr. James Prior, the wettest of the wets, who occupies the thankless post of Employment Secretary.

According to their version the mass of delegates were furious at Mr. Prior's failure to toughen up the Employment Bill, clap all strikers in irons and do unspeakable things to the overweening barons of the TUC.

Sure enough, as the morning's events got underway, a succession of angry speakers came to the rostrum to hurl abuse at the platform occupied by a line-up of Government talent. Yet, strangely enough, it was not the moderate Mr. Prior who was the target of their wrath but that staunchest of Right-wing hardliners, Sir Keith Joseph, the Industry Secretary.

In terms reminiscent of the wild Leftists at Blackpool last week, one of the speakers, Mr. David Milburn, went so far as to call for Sir Keith's resignation and his replacement by Mr. Edward Heath. Mr. Milburn seemed to hold the Government responsible for the "murder" of unemployed men who had committed suicide in despair. The economy could only be put right, he argued, by an immediate 6 per cent cut in interest rates.

Shocked at this ungenteel behaviour delegates started to give him the slow hand clap but it was noticeable that he received a fair amount of applause when he left the rostrum.

Some other speakers were almost as disgruntled, holding Sir Keith's policies responsible for the failure to make heavier cuts in public expenditure and for the large number of young people unemployed.

As Sir Keith listened glumly to these complaints, Mr. Prior looked on impassively. Presumably the Employment Secretary was thanking whatever gods preside over Tory conferences that delegates had found another victim for the scaffold.

Replying to his critics, Sir Keith delivered a professorial lecture as though he were addressing a particularly backward class. He urged doubters to read his didactic work "Conditions for Fuller Employment." In all classes there are always a few unruly spirits and this one was no exception. "Lower interest rates now!" came a furious shout from a pupil in the back row

As he sat down to a perfunctory ripple of applause, the chairman, Dame Ann Springman, a former Commissioner of Girl Guides, diplomatically thanked him for his "thoughtful" contribution.

The afternoon's programme, which started with the long awaited employment debate, was preceded by a fascinating cameo. Mrs. Thatcher, making her first conference appearance of the week, was greeted by rapturous applause with members of the Cabinet and other bigwigs on the platform clapping enthusiastically. All but Mr. Edward Heath, the former Prime Minister, who ostentatiously stood to attention with his arms rigidly at his sides.

The debate started quietly enough with the opening speech uneasily warning against the dangers of "union bashing." This consensus was soon shattered by Mr. Robert Holliday, who stormed to the rostrum and urged the Employment Secretary to "clip the wings of the TUC."

Jim Prior, he thundered, was not even a wet. Anybody who had so drowned the hopes of the nation could not have a drop of moisture left in him.

This tough line was not, however, taken up by most speakers. The mood was decidedly sober and most of them agreed cautiously that Jim had got it "just about right."

One delegate had commended Mr. Prior for "walking the tightrope over the wildcats of the Left and the paper tigers of the Right."

In a cleverly thought out and delivered speech the Employment Secretary just about managed to follow the contorted advice. He contrived to appear resolute in his determination to end union abuses while at the same time urging the party to stick to the moderation which had been the halmark of "the old Conservatives."

There could be no doubt about it. "Our rubicund chum" as Private Eye insists on calling him, had once more emerged unscathed. He was given one of the biggest standing ovations of the conference. Even Mr. Heath joined in—and that is no mean achievement.

Prior stands firm on approach for union reform

TORY ADVOCATES of tougher Government action to curb trade union abuses were routed by *Mr. James Prior*, the Employment Secretary, at the Conservative conference at Brighton yesterday.

The shrill shouts of support gained by some hard line speakers faded before his relaxed and resolute defence of the step-by-step approach for trade union reform embodied in the new Employment Act.

Mr. Prior cited the fiasco of the TUC's "Day of Action" on May 14 as evidence of the success of his policy.

To cheers he stressed that union extremists, despite their frantic efforts, had found it impossible to mobilise the moderates in a protest against the provisions of the Act.

Spelling out the message for those Tories who have condemned him for "pussyfooting," Mr. Prior declared: "They would like us to give them something behind which they could all unite.

"By God—I am not going to give them that chance."

The Prime Minister, given a rapturous reception on her first appearance at the conference, led a standing ovation for Mr. Prior.

Earlier, Mrs. Thatcher adopted a more non-committal pose as Mr. Prior warned of the perils facing the party if, in the near future, it is unable to offer the prospect of being able to turn the rising tide of unemployment.

He frankly admitted that fear of being out of work was partly responsible for the new mood on the shop floor.

Mr. Prior insisted: "The present appalling unemployment figures are not a mark of hard-hearted policies. They show how deep is the pit out of which we have to climb."

He went on to underline the need for showing sympathy and understanding for those out of work—a theme which punctuated speeches from the rostrum during an earlier debate on industry.

Mr. Prior argued that if the Conservative Party was going to stand even the remotest chance of building up trust and changing attitudes for the better, it had to show that it understood the hardship and the worry that being without work could bring.

He called on all Conservatives to show that they did care about those out of work and that they did appreciate the human problems involved.

Mr. Prior declared: "We have to ensure that future generations do not talk about the 1980s as their forefathers did about the 1930s.

"We must give hope to the youngsters who fear that the only alternative after school will be the dole queue."

Mr. Prior maintained that the party should not rest content until it could give a better guarantee to young people and to the many unemployed who wished to help the community.

He pledged: "No Government led by Margaret Thatcher will turn its back on these people."

Mr. Prior argued that political leadership was central to tackling Britain's economic problems as well as to carrying through trade union reform.

In doing so, he made an implied plea to the party that it retains a national appeal through generating a common sense of purpose.

He declared: "We must reflect in the leadership that we offer Britain an understanding of Britain's traditions and worries and hopes — the hopes of Barnsley and Bradford as well as Bournemouth; of Halifax and Huddersfield as well as the Home Counties."

Mr. Prior had indicated earlier that there had been some slippage in the next stage of his union reform proposals.

The consultative paper on the legal immunities of trade unions —previously expected to be published in November—is now not likely to appear much before Christmas.

He suggested that the talks on this consultative document could be extended over a wider sphere and possibly help in establishing new area of common ground.

He looked to a national debate with all 13m trade unionists participating rather than just the general secretaries of the big battalions.

Mr. Prior complained: "For too long now there has been a widespread feeling that union leaders have been playing politics rather than doing their job."

He suggested that the steps taken in the Employment Act to encourage postal ballots had an important part to play in allowing rank and file trade unionists to express their views.

Mr. Prior's fiercest critic from the floor was Mr. Robert Holliday, a blue collar worker from Maldon and Rochford.

He scoffingly dismissed the "wet" label so often applied to the Minister as a vicious rumour.

To cheers from the hard-liners, he contended: "There is no way in which any man who has drowned the hopes of the party like he has, could possibly have an ounce of moisture in him."

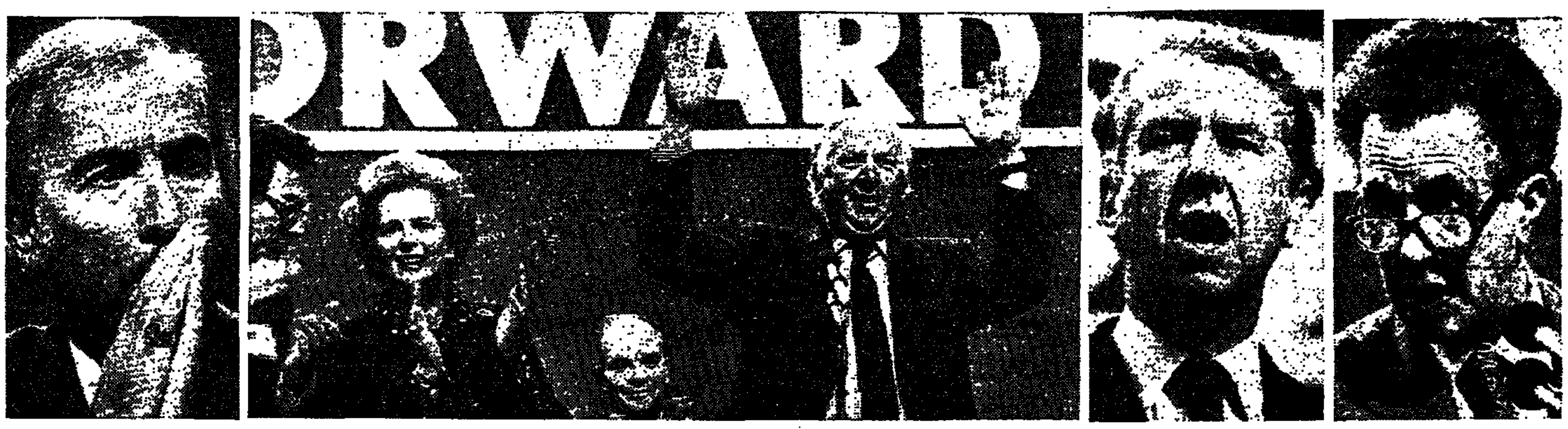
Mr. Holliday protested that Mr. Prior seemed to have forgotten that the party won the election on a package which included a promise to redress the balance of power in industrial relations.

All he had produced was optional secret ballots and a formula for dealing with the closed shop which left all the problems in the hands of the judges.

Amid further cheers, Mr. Holliday insisted: "What we need is a clear radical Conservative alteration—the sort of thing that our party leader has spoken out for clearly from the time she was elected."

Urging Mr. Prior to clip the wings of the TUC, he stormed: "We want action—action now."

Reports by Elinor Goodman, John Hunt, Ivor Owen, Margaret van Hattam and Christian Tyler. Photographs by Hugh Routledge.



CONFERENCE FACES: Mr. Norman St. John Stevas (left), Mrs. Thatcher applauding Mr. James Prior, Mr. Peter Walker and Sir Keith Joseph.

Stevas hits at hard-line monetarism

THE DEEP philosophical differences within the Government were brought out into the open yesterday with a speech from Mr. Norman St. John Stevas, Leader of the House. It amounted to a complete rejection of the "New Conservatism," advocated by some of his colleagues.

In it, he rejected the views of the hard-line monetarists and, equally was dismissive about those who placed their faith in an unfettered free market.

Monetarism was not only not enough, he said, quoting Sir Keith Joseph. But isolated from its political, social and moral context, is was "positively misleading and dangerous as an indication of party attitudes."

It was essential that the Government's monetary policy was "set squarely in the wider setting of traditional Tory social concerns and traced to its roots in moral values."

His speech to the Bow Group and entitled the Moral Basis of Conservatism, also gave an indication of the switch in Government priorities over the last year.

While the Government looks to the Treasury and the Bank of England to control the money supply, he said, the whole weight of the Government this autumn was being thrown behind a campaign to secure lower wage settlements.

Only a year ago some Ministers were claiming that pay settlements were irrelevant to inflation, compared to the importance of controlling the money supply, but Mr. St. John Stevas dismissed this as "an interesting academic view." It was not, he insisted, the Government's view.

His thinly veiled criticism of the hawks in the Cabinet comes at a time when a number of other Ministers are privately expressing doubts about the wisdom of trying to stick to rigid money targets

The whole lecture was couched in the kind of deliberately understated language which Tories use when expressing their differences in public. To dispel any idea that he was stepping out of line, he quoted both Mrs. Thatcher and Sir Keith Joseph to support his view of what the true Conservative Party stood for today.

Mr. St. John Stevas spelt out his own belief in a Conservative Party, in the tradition of Macmillan and Butler, which rejected dogmatism but was founded on clearly defined moral values.

Without actually mentioning the pamphlet on the "New Conservatism" published by Mr. Nigel Lawson, the Financial Secretary, he said he would not have thought it would have been necessary to stress the "blindingly obvious" truth that Conservatism was not synonymous with any single technique for running the economy

But it had appeared to be "Less than blindingly obvious to one or two people recently. We have, for example, been told that there exists something called New Conservatism and that this Conservatism rests on the twin belief that the quantity of money determines the rate of inflation and that the Government can control the quantity of money."

It seemed to him as a "dyed-in-the-wool true blue, 100 per cent Tory," that it was quite possible to either accept or reject those notions

It was essential to refuse a "mechanistic and narrow definition" of Conservatism for political reasons as well as economic ones.

Little joy on unemployment and interest rates

SIR KEITH JOSEPH, Secretary of State for Industry, yesterday abandoned the role of Rasputin and took on that of Mr. Micawber.

"I bring you today a message of hope," he told conference. But all he had to offer, in essence, was that sooner or later, something would turn up. Probably later than he had previously thought.

"It will take some years of understanding by management, unions and wage earners, to become really competitive again," Sir Keith said. "But we are on the way," he added.

Interest rates and inflation would come down—"sooner or later." The recession would ease.

Managements would persuade wage earners to be sensible, not just on the brink of bankruptcy but at all times, allowing firms to make the profits necessary for expansion.

"As these changes occur, we shall climb back," he said.

But Sir Keith's performance was about as successful as the O'Toole Macbeth. From the decidedly lukewarm applause at the end of his speech, it was clear that his audience preferred the mad monk of last year's conference, who pinned his hopes so enthusiastically on the ability of Britain's entrepreneurs and small businessmen.

What they really wanted to know was when interest rates could come down and the unemployment figures start to decline again. But he gave them little joy on either point.

Interest rates, he repeated, would come down "sooner or later"—exactly when was really "unknowable."

As for unemployment, the question was whether the still rising trends was a necessary but temporary part of the process of becoming competitive, or a permanent and increasing penalty for failing to become competitive. He believed it would be the former. But again, he made no attempt to guess how, by how much, or when the trend would be reversed.

Jobs had been destroyed, Sir Keith said, by years of mistakes —often well intentioned ones— by government overspending, overtaxing, overregulating, overinflating.

Other contributing factors had been less well intentioned —restrictive trade practices, overmanning, strikes and excessive pay claims, bad education and abortive town planning.

He even attacked the national insurance surcharge, though he gave no explicit indication that the Government was planning to remove it.

The Government was trying to correct all these errors, he said. It had already removed many of the o bstacles to competitivity—pay controls, price controls, dividend controls, exchange controls.

"But the benefits of these changes are being masked by the recession, by interest rates, by inflation, by the pound, by excessive Government spending," said Sir Keith. "Not all these burdens will continue for ever."

As for training, the Government was reviewing legislation and arrangements in this area but it was really up to the private sector.

"Whatever the outcome of the review, the main task will remain with industry, with the Government supplementing rather than substituting," he said.

The subject of the debate was an anodyne motion calling on industry to think about the new manufacturing facilities appropriate to Britain over the next decade, together with the financing, job prospects and training relevant to these.

It did, however, provide the opportunity for a blistering attack on Sir Keith from one speaker, Mr. David Milburn of Chester-le-Street, who came dressed in overalls just in case his arguments failed to make the point.

At least three people had already committed suicide because they were unemployed, he said. "I suspect this Government and the last of murder, as surely as if I saw a man standing over a corpse, plunging his knife into it," he said.

He called for an immediate 6 per cent cut in the minimum lending rate and appealed to Mrs. Thatcher to sack Sir Keith and bring back Mr. Edward Heath.

Despite the cries of "rubbish" and the slow hand-clapping that greeted Mr. Milburn's outburst, it was clear that other speakers were distinctly uneasy over the Government's economic performance.

Many called for lower interest rates and greater efforts to create jobs for the young. One attacked the Employment Protection Act, another, the Government's failure to apply its policies to its own employees

But Sir Keith refused to tell them what they wanted to hear. The root of the problem, he said, was not recession nor falling demand—imports were pouring in. It was competitivity as judged by the British consumer.

"Look at the shop windows in our High Streets and see how many foreign goods are in them. It is because British men and women has decided that in all too many cases it is better value for money to buy foreign than to buy British."

Support volunteers plea

BRITAIN'S YOUNGEST surviving heart transplant patient stood on the rostrum at the Tory party conference yesterday and told delegates: "Isn't it a lovely day. I'm so glad to be alive."

Andrew Paterson, 23, said afterwards: "I was very, very nervous, but I wanted to do it."

Andrew, given a standing ovation when he arrived at the rostrum, told conference: "But for the skill of the surgeons, together with he contribution of the voluntary British Heart Foundation, I would not be standing here talking to you.

"What I have personally witnessed over the past months is the vital link between national bodies and the efforts of a voluntary organisation.

"My appeal to conference is a simple one: support and encourage the endeavours of the voluntary organisations."

In his reply in the debate on the health service Social Services Secretary Mr. Patrick Jenkin said: "How encouraging to see Andrew

Mr. Jenkin called for a new "spirit of partnership" between the State and volunteers in the national health service. He attacked Labour's attitude to volunteers as "patronising and belittling."

Mr. Jenkin said: "For us, volunteers stand for more. For us, the volunteer brings to community care a special dimension of concern, rich in variety, flexible in action

'Buy British' appeal from Walker

BRITISH FARMERS and the food industry were urged yesterday by Mr. Peter Walker, Minister of Agriculture, to launch a massive offensive to export to world markets and thus cut down the size of the UK's bill for food imports.

He coupled this with an appeal to the consumer to buy British and announced that he had arranged with all the major food retailers to hold a series of "Buy British" weeks.

Mr. Walker was answering a conference debate in which some farmers who spoke from the rostrum complained of high interest rates and the lack of Government support for their industry compared with that given to their European rivals.

The Minister said he had held a meeting with food retailers recently and complained to them of the number of special weeks which had been held in the shops urging the housewife to buy products from various European countries. He had asked them: "What about a few Buy British weeks?"

As a result, over the coming months every major food retailer in the country would be sponsoring Buy British campaigns. In town after town Chambers of Commerce would be co-operating in similar campaigns.

The Minister denied that he was anti Common Market in his attitudes. There were cheers when he said he would like to see the Buy British campaigns carried to Paris and every major distribution centre in Europe.

Welcoming the initiative to increase the sale of UK apples, he maintained that, like other agricultural products in this country, the marketing and packaging in the past had not been as good as that of our competitors.

Mr. Walker also wondered why we had to import so much cheese when British cheese was a much better product that its foreign competitors.

The future lay in attacking the vast amount of food imports entering Britain. These imports amounted to £3bn a year—food that we should be producing ourselves. The imports represented £5 a week for every *family of four people. They* also represented 200,000 jobs for the U.K.

Britain, he said, had always been a massive food importer and had never really bothered about moving out into world food markets. Now, however, we had to do so on a massive scale in order to help revive our economy and bring greater prosperity. It had to be done on a scale "never previously conceived."

"That is the opportunity for British agriculture, that is the challenge," he went on. "The 1980s will be years in which we claw back the markets to our farmers and become the food producers that the world fears most

Dealing with the common agricultural policy, Mr. Walker said that it was easy to attack it but there should be no mistake about the importance for the western world of stability in European agriculture. If there had been no common agricultural policy then he believed that Italy and France might have gone communist.

"Therefore that stability is important. We don't say we would destroy the European agricultural policy. But we may improve it. We must stop the absurdities of producing surplus butter to sell cheaply to the Russians.

"This Government has a positive approach to the EEC that has achieved far more in 15 months than under the years when Labour was in power."

The conference approved a resolution calling on the Government to review its policy on food and agriculture in order to get better marketing and export of British food products into Europe.

Soames puts the case for staying in EEC

Lord Soames, Government leader in the House of Lords, last night put the case for Britain's continued membership in the EEC, following last week's decision by the Labour Party conference in Blackpool to fight for withdrawal.

Speaking at a fringe meeting, Lord Soames said the lead in economic influence and industrial technique had passed from Europe via the United States to Japan.

"Unless Europe can win its place in the vanguard of the new industrial movements and techniques, it will find its own future being defined for it by brains and hands other than its own," he said.

Acting as a unit, Europe could still hold its own, ranking with the U.S. and Japan as economic powers. Ths had been evident in the re-writing, over the past decade, of the GATT rules governing world trade.

But European unity was essentially fragile—"at risk to blindness, inertia and, most dangerous of all, to destructive demons out of Europe's past."

Britain was committed to playing a major part in the development of the EEC's international character and personality. But it would not regain its rightful influence within the Community until it recovered its economic strength and stability.

"Britain has no alternative but to succeed as an industrial and trading society, holding her own in her home market and holding markets all round the world," Lord Soames said.

As yet, "Europe" existed only in partial, incomplete and unsatisfactory form. Its problem was essentially one of power, or of the lack of it.

Its security must rest on a strong Atlantic alliance, but it could not continue relying so heavily on the U.S. forever.

"The time must surely come —and perhaps sooner than we think or hope—when we Europeans will have to be prepared to contribute more ourselves, within the framework of the Atlantic alliance, towards our own security," said Lord Soames. "At our peril would we ignore this."

Nationality law 'not racist'

THE "lingering notion" that Britain is home for people from former British colonies must be dispelled, Mr. Timothy Raison, Home Office Minister of State, told the conference yesterday.

He pledged that the Government's proposed new nationality law would establish a "clear-cut British citizenship," though it would have "little or no effect" on numbers of immigrants in the short-term.

He denied allegations that the law would be "racist" and sub-divide immigrants into five categories.

"It will apply quite equally to all in the same way whatever their colour or background," said Mr. Raison.

"It will establish a clear-cut British citizenship which will be for those who clearly belong here and which will provide for all who hold it the right of abode in this country.

"The present citizenship of the United Kingdom and colonies is an anachronism. It does not guarantee the right to live here to those who hold it.

On the "sus" law, widely criticised by immigrant groups as being used to discriminate against them, Mr. Raison said the Government recognised that the law, enacted in 1824—was out of date.

A motion welcoming the White Paper on nationality and congratulating the Government on strengthening the legal position of immigrants was carried

Activists' scheme to help jobless

CONSERVATIVE activists on the liberal wing of the party yesterday outlined a bold scheme for helping the young unemployed into full-time jobs which they claimed would mean no net increase in Government spending.

The Tory Reform Group, an umbrella for the so-called "wets," announced its scheme immediately after the debate in which Sir Keith Joseph, Industry Secretary, came under fire from some speakers for the high level of unemployment.

The core of the plan is to win trade union consent for taking the bulk of 16, 17 and 18-year-olds out of collective bargaining so that employers can pay a training allowance averaging £35 a week over three years—or about half union rates—before they are committed to paying the adult wage.

It is designed to influence the training and youth employment package now being prepared by Mr. James Prior, Employment Secretary, and expected to emerge at the end of the month providing interdepartmental argument about funding can be settled.

Mr. Richard Needham, MP for Chippenham, Wilts, and adviser of Mr. Prior's Opposition, declared that the plight of the young unemployed was now so acute that trade unions could be won over to the scheme despite its connotations of cut-price labour.

If the scheme was adopted, employers would pay £25 a week in the first year, £35 in the second and £45 in the third instead of negotiated rates, in return for meeting certain minimum training standards. They would not be reimbursed by the State.

More Government money could then be devoted to a smaller intake into the Youth Opportunities programme which presently pays £23.50 for six months to those unable to find full-time jobs

Mr. Needham said that of the 900,000 school-leavers this year, about 200,000 would go into further education, 200-300,000 into full-time jobs at £60 or £70 a week, 100,000 into apprentice*ships at £40 a week or upwards* and 250,000 into the YOP. That left 40-50,000 on the dole by next spring, getting supplementary benefit of £12.50 a week.

Plan for reform of water rates

THE GOVERNMENT will publish next week a range of options for radically reforming the way consumers are charged for their water supplies.

This was announced yesterday at the conference by Mr. Tom King, Local Government Minister.

He also disclosed that the Monopolies Commission will launch an investigation today into the Severn Trent Water Authority.

Delegates overwhelmingly passed a resolution urging the Government to examine the methods of calculating water charges and calling for water authorities to be made more accountable to the public.

Mr. King told delegates that the Government was aware of the "anger and concern felt throughout the country over the extravagance and waste of water authorities."

The present system of charging was "demonstrably unfair" and the Government was determined to find a fairer method.

THE MARKETING SCENE

EDITED BY MICHAEL THOMPSON-NOEL

New media: the electronic equivalent of a full head of steam

BY MICHAEL THOMPSON-NOEL

THE ABRUPT though inevitable transformation of the London evening newspaper market — the Evening News and Evening Standard are to be fused into a single monopoly title that may (or may not) hatch handsome profits — is a firm enough sign, if one were needed, that the pace of realignment of the media scene, in Britain and in Europe, is displaying the electronic equivalent of a furious head of steam.

The potential for change is immense. As D'Arcy-MacManus and Masius observes in a new report, The Challenge of the New Media, the velocity of technological progress on the media front is now much greater than that of political progress, so that from now on, the speed of developments will be determined by the enthusiasm or otherwise of government agencies, not the pace of technical progress.

According to the agency: "We are at the beginning of a period which will see fundamental changes in the nature of communications media. New electronic technology will change the capabilities of the domestic television set out of all recognition, and satellite broadcasting will change the frontiers of broadcasting services."

The report covers the whole of Western Europe, excepting Greece and the Iberian Peninsula — an area with a total population of approximately 290m, almost 80 per cent accounted for by Germany, Italy, the UK and France.

At present, says Masius, the area is served by 32 television channels, of which 19 carry advertising, over 40 national radio stations, and countless thousands of newspapers and magazines.

Even current conditions vary widely. The UK, for example, is the only country in Western Europe to have a television service (ITV) which is wholly commercially owned as well as commercially funded. As a result the approximate number of television advertising minutes available per week varies from 600 in the UK to 390 in Italy, 250 in France, 240 in Germany, and 120 in Austria and Switzerland.

It follows that in countries with limited television advertising facilities, there is usually (most notably in Germany) a strong and thriving publishing industry. But this will change, for as Masius says, "there are signs that the larger concerns see their future best secured by developing a financial interest in broadcast media rather than resisting what will prove in the long run an irresistible tide."

In the 1980s, it is said, the role of the humble domestic television set will be converted out of all recognition, as a look at just four specific improvements related to the existing role of the set bears out.

These are: TV sets with hi-fi sound; large-screen sets using a projection system; multi-screen sets with an array of small screens displaying different channels; remote control. "The last two," says Masius, "will have the greatest effect on advertising in that they will lead to a greater amount of channel-switching, thus producing more variable and harder-to-predict audiences.

"By making channel switching easier, remote control devices may even generate a localised audience loss during commercial breaks—a particular risk in countries where commercials are transmitted in long breaks or in blocks."

In some countries, notably Germany, Austria, Italy and Finland, the percentage of remote-controlled sets is rising fast, and could exceed 50 per cent by the mid-1980s, the agency says.

But those are improvements *immediately to hand*. From there, consideration of the new media challenge broadens out on to a remarkable vista studded by developments like video games, video recorders and disc systems, Teletext and Viewdata, cable TV and satellite broadcasting, all of which are likely to colour, if not revolutionise, multi-national advertising and marketing.

The advent of satellite broadcasting, says Masius, will in the long term greatly increase the programme choice available. In some countries there could be up to 40 to 50 channels available, leading inevitably to fragmentation of television audiences, so that to the advertiser, says Masius, television will become more expensive and more complicated where mass coverage is required.

On the other hand, says the agency, "the economics of building and launching satellites will put very heavy pressure on governments to raise more money from advertising and to *relax restrictions on the amount* of advertising airtime."

David Churchill describes the background to RHM's launch of what is said to be the first new national bread brand for 20 years

A move with the times

LAUNCHING the first new national brand of bread for 20 years (or so it is claimed) at a time when yet another bread strike seems imminent and consumption shows no sign of reversing its inexorable downward trend may, at first sight, seem somewhat foolhardy.

But Rank Hovis McDougall—one of the two (and arguably the least successful) big plant bakers which produce the bulk of bread sold—is planning to do just that. It is putting some £1.5m of television advertising support behind its new Windmill range of sliced brown bread, produced by its British Bakeries subsidiary.

The significance of the move, however, is that RHM has finally had to come to terms with the fact that not all consumers want to eat the standard, sliced, wrapped white loaf. For most of the past two decades, the big bakers have been trying to persuade the public of the virtues of the standardised white loaf—described as "cotton wool" by its critics—on the simple economic grounds that such bread is more viable to make and sell.

Indeed, it has to be admitted that the bakers have had some success in this approach since the white standard loaves are by far and away the most popular with consumers. The National Food Survey shows that white bread of all sizes is consumed by some 78 per cent of households, with just over 50 per cent accounted for by the standard, wrapped loaf.

New market research into housewives' buying habits, just published by Mintel, shows that some 58 per cent of those surveyed had bought white, wrapped bread in the previous week, with a *further 25 per* cent having bought unwrapped white loaves.

But while the standard sliced and wrapped white loaf is still *the housewives' favourite in a* shrinking overall market—consumption dropped by some 16 per cent during the 1970s—white bread has been steadily losing ground to brown or wholemeal bread. Over the past ten years, according to the National Food Survey, it is only brown, wholemeal and speciality breads that have actually shown an increase in consumption. Consumers, it appears, are increasingly coming to believe that brown bread offers more flavour and nutrition than normal white loaves.

Although RHM could not get out of making its mass-produced white bread even if it wanted to—it has too much plant tied up in this staple foodstuff—it has decided to move with the times and promote brown bread sales as well. But RHM's commitment to the good life is not total, since it is planning to hedge its bets (and use its expertise and resources in mass production and marketing methods) to produce sliced, wrapped brown bread for the mass market.

Mintel's latest research shows just why RHM has decided on this approach. In 1974, some 17 *per cent of housewives bought* unwrapped brown bread, while 21 per cent bought wrapped brown bread. But while the proportion of housewives buying *unwrapped brown loaves has* risen to only 18 per cent in Mintel's latest survey, those *buying* wrapped brown bread have risen to virtually a third.

RHM's own consumer research into brown bread usage has identified the existence of two extremes. At one end of the spectrum are the "specialist" brown breads such as Hovis, Vitbe, and Allinson which are strongly entrenched in the consumers' minds with their own distinctive tastes. At the other end is the committed white sliced user who, perhaps feeling guilty, buys the occasional brown loaf.

Bryan Kearsley, British Bakeries senior marketing executive, believes that "the future lies in the middle of these two extremes." *He suggests* that "none of the existing brands appears to be saying the right thing to ordinary families and certainly none offers a comprehensive range of popular brown breads."

Whether RHM's attempt to move with the times and achieve a mass-market appeal to what is basically a health-conscious consumer trend remains very much to be seen. The company's approach has certain similarities with the reaction of the big brewers in the mid-70's to the real ale movement—and connoisseurs of traditional beers are as scathing about the brewers' attempts at mass-marketing real ale as the Campaign for Real Bread is likely to be about RHM's foray.

RHM's main rival in the bread world, Associated British Foods, has adopted an even less ostentatiously "faddy" approach to changing consumer preferences. It has moved into the *fast-growing* market of "hotbread" shops—bread baked on the premises rather than in the factory—and now has more than 400 such outlets.

The latest variation on Young & Rubicam's long-running "Anything could happen" campaign for Smirnoff vodka appears this month, as part of a £1m spend allocated by IDV to the brand this year. This time, the Smirnoff girl is pictured on a flying carpet overtaking Concorde. Smirnoff, says the agency, is brand leader in the £400m UK vodka market with an estimated 50 per cent share. Vodka is currently the fastest-growing liquor sector. It looks set to overtake gin next year, making it the second-biggest selling spirit after whisky.

Sponsors to insist on 'value for money'

TAX CONCESSIONS radical enough to offer a real incentive to sponsorship of the arts and sports are unlikely in the near future, an Economist Intelligence Unit special report, Sponsorship 1980-81, concludes. It is published today, price £40.

At the same time, sponsors are likely to insist on getting better value for money. For many, this will mean a "two-way split" in their sponsorship approach, allowing them to broaden grass-roots sponsorship *rather* than putting emphasis on high-cost stars, says the report.

Although sport still takes the major share of the £50m *worth of visible spending on* sponsorship, says the report, sponsorship of the arts has grown at a much faster rate recently, and probably accounts for around £4m of the total.

Moreover, says the report, as public sector spending cuts bite, a new form of sponsorship has begun to emerge: sponsorship of community services.

Despite depressed economic *conditions, spending on sponsor*ship has outstripped inflation since 1977.

The report examines the impact of sponsorship on more than 90 sports and cultural activities. They range from motor racing, "whose rocketing costs have ensured that it continues to take the single largest visible slice of spending," to music and participant sports.

"Behind the arts, in close contention among themselves, come horse racing (on which visible spending has doubled to £2m), tennis and golf (each with upwards of £1.8m), soccer, cricket, equestrian events and *athletics* (all over £1m.")

BULL'S BLOOD'S 'PLAY ON WORDS'

ASA rejects complaint

By Michael Thompson-Noel

THERE is nothing in the least equivocal about Foote Cone & Belding's latest poster for R. & C. Vintners' Bull's Blood Hungarian wine. The poster, part of a £250,000 campaign, carries the simple proclamation: "Bloody good wine."

A complaint has already been received at the Advertising Standards Authority, and more are sure to follow. But they will be rejected. The ASA said yesterday that the copy-line, "Bloody good wine," had been submitted to the ASA secretariat for clearance. The secretariat decided that the poster contravened neither the code on alcohol advertising, nor the general code of practice.

"One complaint has already been received," says the ASA. "The council has discussed it, *and has agreed that the advertisement* does not breach the code."

But how does the authority's attitude here gel with its condemnation, two months ago, of a Saab slogan for the 900 Turbo which ran afoul of the council for quoting the Lord's Prayer with the headline: "And lead us not into Temptation"?

Saab was hauled up under Section II, 2, of the code of practice, which states: "Advertisements should contain nothing which is likely, in the light of generally prevailing standards of decency and propriety, to cause grave or widespread offence."

The ASA said yesterday it could see no comparison between the two ads.

Swedish heritage

● If I had a pound for every brand of lager launched, a rich man I would be. Yet the rate of jostling in the lager market has not deterred Scottish and Newcastle, which in a link-up with the Swedish brewer, A. B. Pripps, is launching Kalback, a "unique entrant" in the specialist bottled sector.

The lager will be brewed in Sweden and bottled in Britain and is to be supported by a £250,000 campaign, described yesterday as "small beer TV-wise but hefty for a Press budget."

The lager market continues to expand, so that Scottish and Newcastle believes that by the end of the year, total lager sales will be worth £1.8bn—£300m up on 1979.

Kalback, the "first genuine Swedish lager" to be made available over here, is said to be low in carbohydrates and calories, and to be less filling than most rival lagers. Scottish & Newcastle has already successfully launched Younger's Kestrel, but claims Kalback's "clean healthy Swedish heritage" will recommend it to more specialised tipplers.

Test for for acne

● There is more to marketing than sales-hype and Metros, sunsets and Berlei bras, as Trident Television never fails to remind me. From Trident I learn that a new acne product, Pro-ven, manufactured by Feliste, is to be promoted to a full-scale *television test using* both Yorkshire and Tyne-Tees TV.

Pro-ven is a clear acne gel for whom the target group, spotty youngsters aged 15 to 24, is "well represented in Trident," an aspersion, if ever I heard one, on the youth of the region.

According to Trident (one can but quote): "The new 30-second commercial shows a worried young girl looking into a mirror just before she's about to go out for the evening. Noticing that a spot is about to appear on her face, the camera zooms in to a 'control room' in her head where two 'agents' are talking about how to get rid of spots and that Pro-ven will clear them up within seven days."

The reality of sales endeavour is also likely to intrude at the independent local radio advertising awards at the London Hilton on November 10. Next week, four judging panels start listening to nearly eight hours of the best radio commercials of the past year. The commercials cover "products and services as diverse as sarees and pig vaccine."

Double your money

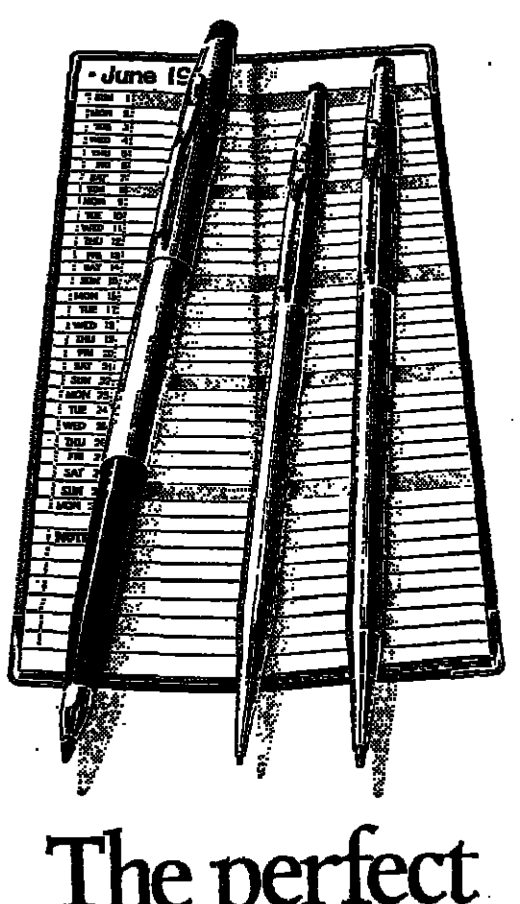
● Times may be hard, but Reg Valin and Richard Pollen, formerly two of the high-ups at *Charles Barker City*, have not looked back since forming Valin Pollen, which specialises in corporate communications, a year ago.

It has more than 20 clients, ranging from ICI and Metal Box to Guinness Mahon and BOC, and an annual fee and commission income said to exceed £250,000.

They say British management is looking for much higher levels of professionalism and cost effectiveness in this field, and that the objective in their second year is to double income.

Et tu, Heinz?

● It is becoming increasingly difficult to compute the weight of commercial endorsements borne on the broad back of England soccer star Kevin Keegan. The mini-maestro's latest promotional tie-up is with Heinz Soups. Another splash?



Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Recession at heels of computer industry

BY ALAN CANE

THE SEEMING immunity of the computer industry to the recession may be at an end.

While computer manufacturers and software houses are still reporting financial growth in excess of 20 per cent a year, the first signs are appearing that their customers are not prepared to continue spending more money on hardware—even for the cost benefits computerisation might bring.

This is the chief message of a major survey of the industry carried out by the consultancy Urwick Dynamics in collaboration with the weekly newspaper *Computing*, and published today.

The survey is carried out *quarterly* and *covers some* 550 computer installations in the UK. This quarter's results show that only 57 per cent of data processing managers expect their company will increase the amount of money spent on computer hardware in the next 12 months, compared with 66 per cent a year ago.

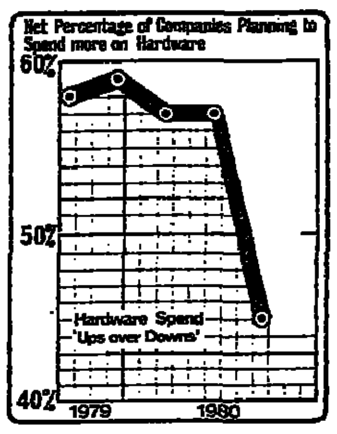
The proportion of companies which intend to keep their hardware spend at the same level rose from 26 per cent to 31 per cent, while the proportion of companies that intend to decrease their hardware spend rose from 8 per cent to 12 per cent in the same period.

According to Dr. Christopher Grindley of Urwick, the survey co-ordinator, data processing managers gave general business contraction as the chief reason. He quoted managers who said: "We have far less volume on transactions. You cannot wheel mainframes in and out but you can get rid of peripherals. We are managing with one less printer and we have taken out two disc drives."

Dr. Grindley said many managers told him it was the first time their annual budget had ever gone down: "They say they have to make better use of what they have got," he said.

The end also seems to be in sight for the frantic market in the people who run and support computers, the programmers, systems analysts and operators.

There is a chronic shortage world-wide of these specialists, but now companies seem prepared to acccept they will never have all the staff they would like and are concentrating on retaining those they have.



Some 46 per cent of companies surveyed in September last year said they expected to increase the numbers of analysts and programmers they employed; now only 27 per cent expect to do so, while the proportion who expect to keep staffing at its present level has risen from 50 per cent to 63 per cent.

The results now suggest that there will be no net demand for new programming staff by the coming Christmas.

There is increasing demand for packages—generalised software which can be sold to a number of different companies. One manager said: "As a result of introducing packages I have been able to cut back from 18 programmers to 12."

There has been a corresponding change in salary expectations. In June this year, 57 per cent of companies expected to pay their data processing staff between 15 and 19 per cent more in the coming 12 months. Now only 26 per cent think they will be increasing salaries at that rate and most think settlements will be made in the 10-14 per cent region.

The chief worry for most data processing managers today is completing projects by the deadline. One manager said: "The managing director is accepting we need computers, but he is insisting that we do it all in-house. This gives us enormous problems on target dates."

Others are investing heavily in contract staff, freelance programmers who are hired to carry out specific jobs—at a cost. One company which is gradually running down its data processing staff is using contractors to make up the numbers while it completes unfinished projects: "A quick cut-back means enforced redundancy. We can easily get rid of contractors."

● PLASTICS

Injection moulders from Poland

UNDER A joint co-operation agreement with Polimex-Cekop of Warsaw, Clayton Goodfellow has become exclusive UK agent for the Ponar-Zywiec range of plastics injection moulding machines. In its turn Polimex-Cekop is to promote the sales of Clayton Goodfellow's horizontal and vertical injection moulding machines both in Poland and other territories.

Manufactured by Ponar-Zywiec, the Polish moulders include machines with clamp capacities of 80, 165, 330 and 420 tonnes.

Each model is equipped for high speed production in all thermoplastic materials it is stated and thermoset and rubber moulding versions are also available.

Machines delivered to Clayton Goodfellow's works at Blackburn are fitted there with safety systems to comply with UK health and safety standards. The free-standing control panels containing high speed relay operated logic and temperature control systems are also manufactured to British standards by Clayton Goodfellow.

● PACKAGING

Sacks easier to stack

ALTHOUGH PAPER sacks with pinch bottoms (glued ends) have long been popular in the U.S. they have only faintly pervaded the market in this country.

Advantage of their design over traditional sewn product is the sift-proof nature of the finished and sealed pinch bottom version, says Edlon Machinery, Edlon House, Ashburton Grove, London N7 (01-609 2266).

The sewed sack can leak—its necessary needle perforations can result in significant loss of fine materials. The glued ends used in pinch bottom methods, however, totally resist product egression.

The new, virtually square ended filled sacks make for easy handling, stacking and palletisation, and are more stable and convenient, says the company. Identification panels can also be incorporated.

Complete in-line plant for producing the sacks from the paper reels through to completed products in one continuous operation has been installed at Lin Pak Sacks of Horncastle, Lincs. This equipment comes from Gartemann and Hollman in Germany whose UK agent is Edlon Machinery.

● INSPECTION

Monitors running jet engines

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A NEW high-speed X-ray cine technique that allows the interior examination of a jet engine while it is actually running has been developed by the Advanced Projects Department (Test Operations) of Rolls-Royce at Bristol.

Hitherto, internal examinations of jet engines have been possible only with high-resolution still *radiographs*, or with the use of TV X-rays.

Now, by using cine-fluoroscopy, it has been shown to be possible to take up to 500 pictures a second of a running gas-turbine engine.

The new technique is said to provide a much higher degree of resolution, which is especially valuable in monitoring a running engine, in which the changes within the engine, such as movements of components, can occur very rapidly.

The technique has been under development for three years, and an imaging system has also been developed with this type of engine examination in mind.

Rolls-Royce has been aided in its development of the system by John Hadland, Thomson-CSF and Grant and Taylor.

Basically, the imaging system comprises a high-energy image intensifier, lens-coupled with a Locam high-speed camera, a Nikon 35 mm camera and a Grundig FA-70B television camera.

This imaging system can be used in conjunction with a Super X Linear Accelerator, to provide a complete, high-speed cine-fluoroscopy system.

The technique is expected to be useful in determining the behaviour of jet engine components under high speeds and *high temperatures*, thus helping to determine component life and detecting faults in engines.

Rolls-Royce Limited, Bristol (Advanced Projects Department). Bristol (0272) 693871.

● POWER

Battery charger thinks

THE LATEST meeting of the microprocessor is with the battery charger—in a unit from Redifon Telecommunications which allows nickel cadmium cells to be re-charged faster and more reliably.

A feature of the later designs of these batteries is that they can be charged up very quickly—in about half an hour instead of the customary 12 to 14 hours. The danger is clear enough though: if the high currents that are necessarily involved for the shorter time continue to be applied after the cell has been fully replenished, serious overheating and gas production can result in permanent damage to the battery.

Redifon says it has been able to design a system that can recognise exactly when a battery has reached the fully charged state—regardless of the number of cells in the battery. The system can also identify the condition of any battery and show a corresponding code on a digital display.

Speed and efficiency of the system will make it particularly useful to the military and utilities markets.

More from Broomhill *Road*, Wandsworth, London SW18 4JQ (01-874 7281)

● HANDLING

No danger when weighing

ABLE TO BE used in dormant, free-standing or suspended weighing installations, with little or no alterations to the standard unit is a range of weigh platforms from Darenth Weighing Equipment, Cray Avenue, Orpington, Kent (0689 72901).

There is a completely clear *space under the load collection* area which means that a basic rectangular structure, linked to a transducer at one end, can accept load plates, roller-conveyor sections or be raised off the ground for suspended weighing, coupled with filling of big bags (IBCs) or similar containers. Only the largest unit in the range is unsuitable for suspended weighing.

The platforms are said to be robustly designed, virtually maintenance free and are intrinsically safe by virtue of the totally pneumatic weighing system.

Suitable for use in the most hazardous of environments, they can be hosed or steam cleaned.

● ILLUMINATION

More light on the subject

SPARKED OFF by a report on this page on October 3 that an *independent lighting consultant* is undertaking a survey of office lighting, is a disclaimer by the Lighting Division of The Chartered Institution of Building Services that the Illuminating Engineering Society (IES) had been "disarmed" and that there is no longer any reliable source of information or facts on matters which affect all who work by *artificial light*.

Since its amalgamation with the Institution of Heating and Ventilating Engineers to create the Chartered Institute of Building Services, IES, now known as the Lighting Division says it has been able to increase its means of spreading knowledge about good lighting practice.

The Lighting Division publishes 14 codes and guides on good lighting practice and there is a quarterly publication Lighting Research and Technology which gives details of the latest research. Its technical department *is available* to discuss lighting problems and inquiries should be sent to it at Delta House, 222, Balham High Road, London, SW12 9BS (01-675 5211).

● IN THE OFFICE

Rank Xerox makes price cuts

A SIGN, perhaps, that the word processing war is hotting up (there are some 40 companies offering dedicated systems in the UK) is that Rank Xerox, which is ranged fourth in the installed-base league table, is making major price reductions.

Its basic machine, model 800 goes down by 16 per cent to £3,700 while what has been its *top-end* unit, the 850 page system, is reduced by a heavy 25 per cent to £7,160.

In addition to the price reductions the company has introduced a series of bulk order and commitment discounts and a "try and buy" rental contract to allow new users to determine benefits before purchase. At the same time, the company has has added a model to the top of the range, the 860 and is calling it an information processing system. Like one or two other makers that originally offered just word processing in one system, Rank Xerox has decided to add some "computer-like" functions such as sorting, selecting and calculating from stored lists such as addresses.

However, the new machine is compatible with the existing ones, allowing interchange of text discs. Both 850 and 860 can be connected so that three work stations can share a single printer.

Model 860 will also be the first to be able to make use of the company's Ethernet communications concept, which allows a *number of different types of* office equipment to communicate digitally within one's own business.

Among the enhancements offered by the 860 are a bigger memory, wider carriage on the printer, automatic line and character count, automatic text searching and substitution of new material, sideways *scrolling*, and simultaneous printing on to screen and paper.

Rank Xerox UK is at Bridge House, Oxford Road, Uxbridge, UB8 1HS Middlesex (Uxbridge 51133).

LOMBARD

Myths about 'death rays'

BY DAVID FISHLOCK

TWENTY-SIX young men, mostly college students in their early 20s, who helped to make the first nuclear weapons were poisoned by plutonium. Some inhaled plutonium dust, others were burned by plutonium solutions. Working under what has since been described as "extraordinarily crude conditions" they all received substantial doses of what the Press revels in calling the most deadly substance known to man. Everyone knows that plutonium poisoning means cancer.

Thirty-two years later a medical report on the group of 26 found that two had died—one of a heart attack and the other knocked down by a car. None had suffered cancer except for two skin cancers the doctors were unable to link with their plutonium exposure.

The mortality rate was 50 per cent of what statistics suggested it should have been. The doctors could find no evidence of harm to the men after living for 32 years with plutonium inside them.

Modern fear

Plutonium is a modern myth; a word that inspires fear out of all proportion to its capacity for harm, as once did arsenic and cyanide—I write as one who, as a callow chemist, once experienced cyanide poisoning—and "death rays." Mr. Justice Parker, the inspector at the Windscale Inquiry, recognised the plutonium problem to the extent that he begins one section of his report on the inquiry with some facts about plutonium "because it was apparent to me that there exists much misunderstanding about it." He then lists seven myths. His advice has gone unheeded by the media. Who wants to dispel a good myth?

Which is the central problem facing the National Radiological Protection Board (NRPB) as it embarks upon its second decade. This is the "watchdog" of public interest in all kinds of potentially harmful radiation—from the emanations of plutonium to leaks from microwave cookers.

When the NRPB was set up in 1970 its role seemed to be fairly closely defined. Its scientists and doctors were there to give the Government independent advice on what people were up to with ionising rays. It is funded by the Department of Health, to the tune of about £3m for its research this year.

But life has changed dramatically in that decade, says Sir Frederick Dainton, the Board's chairman, one of the world's foremost radiation chemists. The watchdog now finds itself sitting uneasily at the interface between politics and science. The politicians today expect their watchdog to bridge the gulf between themselves and the public. Where once the politician expected to do this for himself, increasingly in areas of scientific controversy he is passing the buck to the watchdog. In the case of radiation the NRPB has become the official dispeller of myths.

For the NRPB it is both a token of the politician's confidence in the quality of its advice and at the same time a risk—that its advisory role could be compromised. The NRPB is advising a British public which broadly accepts the need for, and economic advantage of, nuclear power but which will need constant reassurance about its safety. At the same time it is trying to reach that voluble fraction of the public which, whether through morbid dread of radiation, for political ends, or simply because myths afford everlasting entertainment, are rejecting its advice and impugning its integrity.

Disastrous

It is therefore important that the politicians, having abdicated their role of communicating directly with the public about radiation, should be seen to stand foursquare behind the watchdog they have nominated instead. If the confidence of the majority of Britons in the commonsense advice of the NRPB is ever seriously called into question, the outcome could be disastrous for energy supplies in Britain.

As Lord Ashby, the Cambridge botanist and first chairman of the standing Royal Commission on the Environment, wisely remarked of another issue in which a small minority of zealots are determined to reject all scientific and medical evidence: "When the public takes sides on a highly emotive issue truth is the first casualty."

The Court which sits in judgement on itself

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

IT IS unbelievable, but the European Court does sit in judgment upon itself. Mr. H. G. F. L. Dautzenberg, the Court's chief librarian, brought an action* against the Court, complaining that it had failed to promote him to Grade A-3, despite the head of the parallel documentation service of the Court holding that rank. The same judges who made these decisions must now say whether they were right or wrong in law.

Some might think that such an embarrassing farce should be swept under the carpet and left unreported in order not to impair the authority of the Court, which was put into this invidious position by Article 174 of the Treaty. However, the Luxembourg happening—one can hardly call it a trial—is charactertistic of the lack of forethought and practical intelligence, which together with institutional and individual greed for power, obstruct the way to integration without which Europe cannot survive politically.

Mr. J. P. Warner, the Court's First Advocate General, tried hard to deliver a detached opinion. He thought it was his duty to put out of his mind any knowledge he may have had of the facts, other than knowledge derived from the pleadings and the documents of the case. On that basis he held that it was wrong for the Court to assign an additional A-3 post, received in the last budget, to the head of its Financial Service without further ado. The Court should have first compared the responsibilities and duties of the services competing for this post, namely the Library Service, the Personnel Service and the Financial Service. Only after it had allocated the A-3 post to one of the services could the Court consider by whom it should be filled.

Mr. Warner concluded that the Court should declare void its decision rejecting Mr. Dautzenberg's complaint and "remit" the case to itself for further consideration, and that it should order itself to pay the costs of the action.

Fortunately for my belief that Mr. Warner has the makings of a very great judge, his common sense got the better of the legal charade in which he found himself. He did not put out of his mind a piece of useful knowledge not derived from the pleadings. Like a deus ex machina, the information came to the notice of the Court after the hearings that a vacant A-3 post was assigned to the information service but not needed there. "It is not, of course, for me to say this afternoon whether that post could, much less that it should, be transferred to the library," said Mr. Warner coyly. But he definitely thought that the Court should re-consider the matter. Some might say that Mr. Dautzenberg could have been upgraded without all this fuss and expense.

In 1979 a total of 1,163 officials of the Communities brought their complaints to the European Court. As 1,112 of these actions belong to ten large groups of related cases, there were in fact only 61 separate new staff cases, but even so this represents more than a quarter of all cases with which the Court was asked to deal in last year.

This excess of staff litigations must surely divert the capacity of the Court from its proper task. It also indicates that either the institutions of the Community treat their employees very badly or else these employees have exaggerated ideas about their rights.

Complaints that the petitioner was not promoted while someone else was, are fairly frequent. In many instances the plaintiff does not seek more money—only to retain his status. For example, when two departments are merged, with the result that there can be only one head of the department, the fact that someone no longer receives the same amount of information—obviously an important status symbol — is perceived as an injustice.

The remarkable tolerance shown to employees who do nothing, or very little, is exemplified by two recent cases. Case 108/79 is that of a man who, in 1972, was granted six months leave, because his father was ill, and never came back. The post could not be held vacant indefinitely and was filled. In 1975 he was offered another job, which he refused. When he declined two more offers he was finally asked to resign, in June 1978. The Court dismissed his complaint that the request for his resignation was not justified.

In another case, No. 101/79, in which the Advocate General delivered his opinion on September 18, three experts testified that from 1962 until 1974 a scientist employed by Euratom had not done work of any value.

In 1974 he was transferred, and in protest stopped working altogether. After four more years he was dismissed for incompetence, but is receiving a pension from the Commission. He now contends that he should have been dismissed on disciplinary grounds, which would have been less dishonourable and could be more readily explained to his family and to a prospective employer. The Court's judgment is expected later this month.

The Community could, no doubt, survive a self-centred attitude on the part of some of its employees—most are dedicated to their work. Much more serious is that the same self-centred attitude is taken by entire institutions of the Community, which sometimes seem more concerned for their power and prestige than anything else.

In competition matters, for example, Regulation 17/62 assigns to the Commission a task which it cannot master. Notifications of restrictive agreements pile up on the desks (and in the cellars) of the Competition Department in tens of thousands without any chance of ever being dealt with. Yet, instead of admitting the need for the revision of Regulation 17/62, and for the diminishing of some of its powers, the Commission is now seeking additional authority for its "comfort letters," by which it tells companies that their notifications have been put on the "dead" file. As a result of the Court's decisions in the Perfumeries Cases,** 31,000 old notified agreements could be deprived of their provisional validity by this new procedure, and so open to attack in national courts.

The grey zone, which is neither law nor arbitrary power, is also dangerously engulfing the area of patent and know-how licensing. The block exemption of licensing agreements, proposed by the Commission many years ago, contains so many restrictions that, in the view of member governments, it would stifle the transfer of technology in the Community.

Several new drafts were produced, and the project in its present form, encompassing patent and know-how licensing, is no kinder to those who wish to transfer technology than the Yugoslav law dealing with technology transfer. It is thoroughly abhorred by industry.

But though the Regulation has in its present form little chance of approval by the Council, it has been publicised so effectively that many companies, particularly American companies with their greater experience in anti-trust matters, are anticipating its provisions. In this way the Commission's bad drafts drive out good law.

* Case 2-80 Opinion of the Advocate General September 18 1980 unreported

** This column August 21 1980

Royal rival may beat King's Spy

RACING

BY DOMINIC WIGAN

AN EIGHT-RACE card with three divisions of the Kent Maiden Stakes is the order of the day at Lingfield this afternoon. A year ago the two divisions of the same race went to heavily supported colts in Prince Northfields and Thatching Time and it again looks as though backers will do well to row in with the well-fancied candidates with some form to their credit.

In the opening division at 2 o'clock, the most likely prospects for honours seem to be Dark Monarch, a stablemate to Prince Northfields, and the once-raced Newmarket raider, King's Spy. Placed on each of his three appearances to date, Willie Carson's mount, Dark Monarch, caught my eye at Kempton just over a month ago when a well-backed candidate for the valuable Chertsey Lock Stakes over today's seven-furlong trip. Prominent throughout in that event, Dark Monarch kept on strongly in the closing stages but found newcomer, Rasa Penang and the 100,000 guineas Bustino colt, Neltino, just too good.

King's Spy, a Bruce Hobbs juvenile who was seeing a racecourse for the first time when sent on the long haul north to Redcar for the Carlton Stakes on September 26, clearly surprised his stable there. For after opening at 7-2 in the betting, King's Spy drifted to 12-1 before belying his odds with a highly encouraging fourth-placed effort.

There is little to choose between King's Spy and Dark Monarch and in the circumstances it will probably pay to rely on the greater experience of the last-named colt.

Three hours after the opening division of the Kent Maiden Stakes the second division comes at 5 o'clock. Lester Piggott here has a bright opportunity of adding to his tally through another once-raced colt, the American-bred Casa Esquillina. My one concern over this Paul Cole-trained youngster is that it is now well over three months since he made a great deal of the running before tiring to finish fifth of 19 behind Imperial Measure in a 19-runner event at Salisbury. Nevertheless, he still looks well worth support.

LINGFIELD

2.00—Dark Monarch**
3.30—Paleor
4.00—Hot Ember
4.30—Ringal
5.00—Casa Esquillina***
5.30—Solerof

YORK

2.00—Cardie Girl
2.30—Tarvie
3.00—York Cottage
3.30—Intinto*
4.00—Revocation
4.30—Hedingham Boy

ENTERTAINMENT GUIDE

OPERA AND BALLET

THEATRES

LYRIC. S. CC. 01-437 3686. Evenings 8.00. Wed. 3.00. Sats. 5.30 and 8.30. DINSDALE LANDEN, NICOLA PAGETT in ALAN AYCKBOURN'S TAKING STEPS.

LYRIC HAMMERSMITH CC 01-741 2311. Eves 7.30. Thur Mat 2.30. Sats 4.30 & 8.15. THE WILD DUCK, Ibsen, a new translation by Ronald Hingley, director Michael Blakemore. With Richard Briers & Nerys Hughes. Book Now! LYRIC STUDIO: From Ton't at 8.0 (Mon 7.0) THE POTSDAM QUARTET, David Pinner's new comedy, director David Giles. Book Now!

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Eves. 7.30. Mat. Wed. and Sat. 2.45. ANNIE. Grp. sales Box office 379 6061. Now booking through Christmas.

WAREHOUSE. Donmar Theatre. Covent Garden. Box Office 836 6808. ROYAL SHAKESPEARE COMPANY. Seats available Tomor. Sat 7.30 premiere David Mercer's last play NO LIMITS TO LOVE. All seats £3.50. Students £2.00 in adv.

WESTMINSTER THEATRE. 01-834 0283. HUGH MANNING as C. S. Lewis in SONG OF THE LION. Eves. 7.45 pm. Must end Oct. 18.

CINEMAS

ART GALLERIES

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians. Glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W1. NEW EROTIC FLOORSHOW "CLOSE ENCOUNTERS" 11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

TV/Radio

BBC 1

† Indicates programme in black and white

9.00 am For Schools, Colleges. 12.20 pm Golf: The Suntory World Matchplay Championship from West Course, Wentworth. 12.45 News. 1.00 Pebble Mill at One. 1.45 Mr. Benn. 2.00 You and Me. 2.15 For Schools, Colleges. 3.00 Golf from Wentworth. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Touche, Turtle. 4.25 Jackanory. 4.40 Heidi. 5.00 John Craven's Newsround. 5.10 Blue Peter. 5.35 Paddington.
5.40 News.
5.55 Nationwide (London and South East).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top Of The Pops.
7.55 Blankety Blank.
8.30 Yes Minister.
9.00 News.
9.25 Mackenzie.
10.15 1980 Horse of the Year Show featuring The Norwich Union Championship.
11.15 News Headlines.
11.17 Kojak.

All Regions as BBC-1 except as follows:

BBC Cymru/Wales—10.10-10.30 am I Ysgolion. Hwnt Ac Yma. 2.15-2.40 pm Ffenestri. Pwsi Meri Mew. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 12.05 am News and Weather for Wales.

Scotland—10.10-10.30 am For Schools (Around Scotland). 12.40-12.45 pm The Scottish News. 2.40-3.00 For Schools. 5.55-6.20 Reporting Scotland. 12.05 am News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.55-7.20 Sportsweek. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
9.30 Conservative Party Conference.
11.00 Play School (as BBC-1 3.55 pm).
11.25-12.30 pm and 2.30 Conservative Party Conference.
3.50 Golf: The Suntory World Matchplay Championship.
5.15 Open University.
6.55 Open Door.
7.20 Mid-Evening News.
7.30 Gainsborough at the Tate.
7.55 Van Morrison at the Rainbow.
†8.50 "I Know Where I'm Going," starring Wendy Hiller and Roger Livesey.
10.20 Rock Week Concert.
10.50 Newsnight.
11.40 Golf highlights.

LONDON

9.30 am Schools Programmes. 12.00 Little Blue. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie With Love. 2.00 Family. 3.00 The Conservative Party Conference. 3.45 Life Begins at Forty. 4.15 Little House On The Prairie. 5.15 Mr. and Mrs.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Battlestar Galactica.
7.30 Spooner's Patch.
8.00 Benny Hill.
8.30 TV Eye.
9.00 Minder.
10.00 News.
10.30 Thames Report.
11.00 Lou Grant.
12.00 What the Papers Say.
12.15 am Close: "Sit Up And Listen," with Barbara Cartland.

All IBA Regions as London, except at the following times:

ANGLIA

9.15 am Jobline (programme which aims to help those looking for employment in the East Anglia region). 12.30 pm The Riordans. 1.20 Anglia News. 2.00 Celebrity Concert. 4.15 Mumbly. 4.20 Project U.F.O. 5.15 Take My Wife. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Bygones. 10.30 Folio. 11.00 Have Girls Will Travel. 12.00 The George Hamilton IV Show. 12.30 am The Living Word.

ATV

12.30 pm The Riordans. 1.20 ATV News. 2.00 Kate Loves a Mystery. 3.45 The Practice. 4.15 Windows. 4.20 The Fantastic Four. 4.45 Little House on the Prairie. 6.00 ATV Today and ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 10.30 Here and Now, presented by Zia Mohyeddin. 11.00 ATV News. 11.05 Thriller: "Cry Terror," starring Susan Hampshire.

BORDER

1.20 pm Border News. 2.00 The New Avengers. 3.45 Inner Space. 4.15 Tarzan. 5.15 Life Begins at Forty. 6.00 Lookaround Thursday. 6.35 Crossroads. 10.30 Soap. 11.00 S.W.A.T. 12.00 Border News Summary.

CHANNEL

12.30 pm The Riordans. 1.20 Channel Lunchtime News, What's On Where, and Weather. 2.00 A Real Fire. 3.45 The Electric Theatre Show. 6.00 Channel Report. 6.35 Crossroads. 7.00 The Monkees. 10.28 Channel Late News. 10.35 Soap. 11.05 The Royal Henley Boating Regatta. 11.20 Brass in Concert. 12.05 am Preview. 12.30 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 12.30 pm The Riordans. 1.20 North News. 2.00 Another Opening, Another Show. 3.45 Stars on Ice. †4.15 Crazy Comics: "Abbott and Costello Meet Frankenstein." 5.40 Police News. 6.00 North Tonight. 6.35 Crossroads. 7.00 Andy's Party. 10.30 Reflections. 10.35 Soap. 11.05 Thriller: "The Double Kill." 12.20 am North Headlines.

GRANADA

12.30 pm The Riordans. 1.20 Granada Reports. 2.00 Westside Medical. 3.45 Survival. 5.15 Looks Familiar. 6.00 Granada Reports. 6.30 This Is Your Right. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Edge of Britain. 11.00 Barney Miller. 11.30 What the Papers Say. 11.45 Bluey.

HTV

12.30 pm The Riordans. 1.20 HTV News. 2.00 Chopper Squad. 4.15 Salvage One. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Barney Miller. 7.00 Emmerdale Farm. 10.28 HTV News. 10.35 Our Little Town. 11.05 Have Girls Will Travel.

HTV Cymru/Wales—9.30-9.45 am About Wales. 9.52-10.07 Mwy Neu Lai. 12.00-12.10 pm Owain A'r Olion. 4.15 Follow Me. 4.45 Sêr. 5.15-5.20 Cartoon. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Sports Arena. 11.05-12.00 The Granada Band of the Year 1980.

SCOTTISH

12.30 pm The Riordans. 1.20 News and Road and Weather. 2.00 China Acrobats. 3.45 Adventures of Black Beauty. 4.15 Sally and Jake. 4.25 Little House on the Prairie. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Happy Days. 7.00 Emmerdale Farm. 10.30 Jobs for the Boys. 11.00 Soap. 11.30 Late Call. 11.55 Sidestreet.

SOUTHERN

12.30 pm The Riordans. 1.20 Southern News. 2.00 Fantasy Island. 3.45 Stars on Ice. 4.15 Salvage One. 5.10 Mr. Magoo Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.30 Survival. 7.00 Emmerdale Farm. 10.35 People Rule! 11.05 Musical Special.

TYNE TEES

9.20 am The Good Word, followed by North-East News. 1.20 pm North-East News and Lookaround. 2.00 Hess. 4.15 Dog Wonder Dynomutt. 4.45 Salvage One. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North-East News. 10.32 Northern Report. 11.00 Come In, If You Can Get In. 11.30 Soap. 12.00 Portraits of Power. 12.30 am Three's Company.

ULSTER

1.20 pm Lunchtime. 2.00 Chopper Squad. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 10.30 Counterpoint. 11.15 Soap. 11.45 Bedtime.

WESTWARD

12.30 pm The Riordans. 1.20 Westward News Headlines. 2.00 A Real Fire. 3.45 The Electric Theatre Show. 4.15 Gus Honeybun's Birthdays. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Westward Report. 10.32 Westward Late News. 10.38 Soap. 11.05 Politics West. 11.20 Brass in Concert (Trinity Girls Band). 12.05 am Preview. 12.30 Faith For Life. 12.35 West Country Weather, Shipping Forecast.

YORKSHIRE

12.30 pm The Riordans. 1.20 Calendar News. 2.00 Another Opening, Another Show. 3.45 Superstar Profile. 4.15 The Adventures of Black Beauty. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Doctor Down Under. 11.00 Kaz. 12.00 The Amazing Years of the Cinema.

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates with the Golden Hour—part 1: 1978. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates with The Golden Hour—part 2. 3.32 Peter Powell. 6.32 25 Years of Rock. 7.31 Mike Read. 10.02-12.00 John Peel (S).

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Sports Desk. 10.06 Jimmy Young (S). 12.06 David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music with David Symonds (S). 6.03 John Dunn (S). 8.02 Country Club (S). 9.02 Alan Dell with the Big Band Sound (S). 9.55 Sports Desk. 10.02 The News Huddlines with Roy Hudd. 10.30 Star Sound Extra. 11.02 Sports Desk. 11.05 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer (S). 10.00 Composer's String Quartet (S). 10.55 Scarlatti and Bach on the Piano (S). 11.40 Czech Music from the Prague Spring Concert, part 1 (S). 12.05 pm Interval Reading. 12.15 Concert, part 2 (S). 1.00 News. 1.05 Bristol Lunchtime Concert (S). 2.00 Tippett and George Benjamin concert (S). 2.30 "Il Lutto Dell' Universo," Sacred play for the Holy Sepulchre. 3.45 Chamber music (S). 4.45 News. 5.00 Mainly For Pleasure (S) (‡ and mono only from 6.20). 7.00 Talking About Music (S). 7.30 As Radio 4. 9.30 Words. 9.45 Music in Our Time (S). 10.50 Round Tower Tales. 11.00 News. 11.05-11.15 Anonymous (S).

VHF only—Open University: 6.20-7.00 pm; and for students in Radio Scotland and Radio Cymru areas only: 12.00-12.40 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday In Parliament. 8.45 Loosely Engaged. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 Open Channel—report on Citizen's Band Radio. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 File On 4. 11.35 Letter From ... Land's End. 11.50 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Top of the Form. 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.50 Fritz Spiegl's Musical Alphabet. 4.05 Bookshelf. 4.35 All About Ourselves. 5.00 PM. News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Any Answers? 6.55 It's A Bargain. 7.00 News. 7.05 The Archers. 7.20 Time For Verse. 7.30 Edinburgh International Festival 1980—Scottish Chamber Orchestra (S). Concert, Part 1: Cimarosa, Mozart. 8.15 The English Novel Now—the revival of the English novel. 8.35 Concert, part 2: Mendelssohn, Strauss (S). 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book At Bedtime (19). 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.40 Fond and Familiar. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm. After Eight. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Mike Allen (S). 12.00 Graham Dene (S). 1.00 London Today (S). 1.10 Graham Dene (continued). 3.00 Roger Scott (S). 7.00 London Tonight (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,395

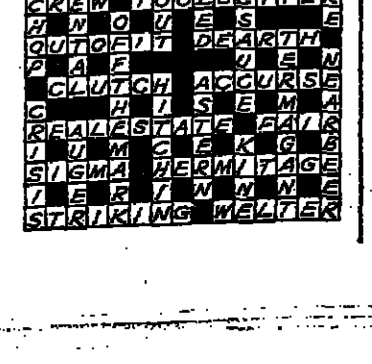
ACROSS

1 Affected church one repeatedly sees (6)
4 Record superior find (8)
10 Go round outside forward bird (7)
11 Old Testament one found inside eccentric blood vessel (7)
12 Writing for Punch? (4)
13 Used the police to be a lot of has-beens? (5, 5)
15 Union of those acting in all fairness (6)
16 Female on railway offers birds sanctuary (7)
20 Import the German wind (7)
21 Twister on a drinking spree (6)
24 Sound old airline 10 thrashed (4, 6)
26 Something on foot causing inflation (4)
28 Valve kept in poem (7)
29 Change limit to back first-class soldiers in reserve (7)
30 On roster maybe in Italy (8)
31 Thin pole not needed outside (6)

DOWN

1 Fear they may take to the bottle in winter (4, 4)
2 Fraud on one Frenchman taking job on river (9)
3 Welcome shower of stones (4)
5 Holy smoke! Daughter must be mad (8)
6 Meal from cereal sounds a bloomer (10)
7 Selector at cross-purposes (5)
8 Travelled on back of free study (6)
9 Love feast with mouth open (5)
14 St Anthony briefly shattered when cleaned out (5, 5)
17 Naval flag seen daily in Moscow (3, 6)
18 Going downhill for many years not being heartless (8)
19 Fall on way to aircraft (8)
22 Pinches poor beer (6)
23 Breaking in bar encrusted with precious stones they say (5)
25 Family right to go by ship (5)
27 Agitated state of cover (4)

Solution to Puzzle No. 4,394



JOBS COLUMN

A matter of £750m

BY MICHAEL DIXON

LOOK to the right and you can hardly avoid seeing the latest of this column's annual checks on the job-finding record of new bachelor-level graduates—in this case representing more than £750m of public investment in higher education — from the 44 campus universities in the United Kingdom.

Before drawing any inferences, however, readers should recognise the limitations of the table. It is compiled from the official account of the movements of people who graduated from universities last year, which has just been published by the Universities' Statistical Record. (The document, priced at £7.50, is obtainable from the Central Record Office, PO Box 40, Cheltenham, GL50 1JY.)

The first limitation is that the figures on which my table is based, although the only means of comparison available, are unaudited. So different universities tend to have different criteria for deciding which new graduate should be assigned to which category.

This particularly affects the middle columns of figures headed "% whereabouts unknown." The numbers here represent the proportion of each university's bachelor-level output who were untraced at the end of December, some six months after they gained their degree. Some institutions include as unknown any graduate who has not personally reported what he or she is doing. Others include only those on whose whereabouts they have no information from any source.

Another limitation affects the final pair of columns, on which my ranking of the universities is based. The figures here represent three categories of people. One is those believed to be unemployed at December 31. The second is those with only temporary jobs in the UK. The last is those designated "not available for employment," as distinct from already employed while studying.

I gather that this third category was originally intended to cover women who became married and/or pregnant during their course. But a decade or so ago I suddenly noticed that the category had started to include more men than women. My speculation at the time was that it was becoming to some extent a "drop-out" category as well.

That can hardly be so to the same extent now. Certainly the "not available" cannot all be viewed as people not needing, not willing, or not able to work. Several of them, certainly, have chosen to spend a year or so travelling.

Nor will all those with only temporary UK jobs be "drifters." Some will have taken a stop-gap post with a purpose in mind, perhaps that of setting up their own business.

All the same, in both of these categories there will inevitably be drop-outs and drifters. So I have continued the Jobs Column's long established practice of lumping these two groups together with the "believed unemployed" when working out the ranking. Taken together, these three groups represent towards £100m of higher educational spending.

It appears that most universities coped pretty well with the start last year of the continuing decline in demand for recruits.

Lancaster jumped seven places in the ranking. Warwick continued what now seems to be a steady improvement. East Anglia did well, too, to cut by a third the number in its "at best temporary job" category.

Even so, institutions with a fifth of their new bachelor-level graduates in this category surely cannot afford complacency when the Government — both political and permanent — is seriously doubting the UK's ability to afford the high cost of so much higher education.

		Number of new graduates		% whereabouts unknown at December 31		% not employed or in temporary UK work at December 31	
	University	1979	(1978)	1979	(1978)	1979	(1978)
1	Aston	1,156	(1,000)	8.2	(11.7)	3.8	(3.7)
2	Heriot Watt	594	(556)	2.0	(5.0)	4.1	(8.1)
3	Brunel	436	(420)	3.0	(4.0)	5.7	(3.7)
4	City	549	(524)	7.1	(12.2)	5.9	(5.0)
5	Cambridge	2,695	(2,566)	13.8	(25.7)	6.9	(7.9)
6	Dundee	574	(530)	10.3	(11.9)	7.0	(8.8)
7	Liverpool	1,776	(1,776)	8.6	(14.5)	7.3	(8.8)
8	Bath	746	(824)	5.5	(5.8)	7.4	(8.5)
9	Glasgow	1,905	(2,044)	2.3	(2.7)	8.0	(8.9)
10	Loughborough	1,187	(1,184)	4.8	(4.2)	8.4	(7.6)
11	Salford	1,019	(938)	6.9	(11.2)	8.4	(5.3)
12	Birmingham	2,120	(1,898)	16.1	(11.5)	8.6	(7.4)
13	Surrey	657	(596)	5.9	(7.2)	8.7	(7.1)
14	Strathclyde	1,293	(1,320)	6.1	(6.0)	9.0	(11.1)
15	Southampton	1,352	(1,366)	9.1	(9.4)	10.1	(9.7)
16	Aberdeen	1,055	(1,117)	17.6	(9.8)	10.1	(10.1)
17	Leeds	2,233	(2,286)	9.8	(8.3)	10.6	(11.4)
18	Newcastle	1,606	(1,597)	12.0	(11.6)	10.8	(7.6)
19	Bradford	1,007	(956)	8.0	(3.9)	11.2	(10.9)
20	Belfast	1,289	(1,238)	4.3	(4.8)	11.4	(8.7)
21	Oxford	2,710	(2,687)	6.3	(6.2)	11.8	(8.8)
22	Bristol	1,588	(1,595)	9.7	(11.8)	12.3	(12.6)
23	Exeter	1,309	(1,156)	12.1	(13.7)	12.3	(11.2)
24	Durham	1,094	(1,151)	2.3	(2.0)	12.6	(12.8)
25	Manchester	3,496	(3,263)	4.4	(4.2)	12.8	(11.6)
26	Leicester	986	(970)	11.6	(13.6)	13.2	(14.4)
27	London	8,395	(7,673)	19.9	(8.3)	13.3	(10.9)
28	Reading	1,384	(1,196)	10.8	(7.9)	13.4	(16.2)
29	Essex	650	(623)	12.8	(7.4)	13.9	(19.6)
30	Sheffield	1,708	(1,721)	6.0	(12.3)	14.3	(9.7)
31	Lancaster	1,058	(1,017)	8.6	(17.0)	14.7	(19.4)
32	Warwick	1,122	(1,208)	7.9	(10.3)	14.8	(14.8)
33	Keele	512	(471)	5.5	(6.6)	15.3	(14.3)
34	Wales	4,352	(4,170)	6.6	(8.0)	16.0	(14.0)
35	St. Andrews	566	(618)	5.5	(12.9)	16.4	(16.4)
36	Nottingham	1,543	(1,457)	7.8	(9.0)	16.6	(12.6)
37	Hull	1,252	(1,158)	3.0	(6.0)	16.7	(11.9)
38	Edinburgh	1,892	(1,821)	8.1	(9.7)	16.8	(14.0)
39	York	791	(732)	7.8	(8.3)	18.5	(16.5)
40	East Anglia	987	(924)	14.9	(12.9)	20.1	(30.4)
41	Kent	947	(883)	19.0	(19.9)	21.8	(19.6)
42	Stirling	520	(436)	8.7	(6.0)	22.3	(24.1)
43	Sussex	953	(985)	12.0	(11.4)	25.3	(22.2)
44	Coleraine	393	(405)	9.4	(11.4)	31.7	(26.2)
	TOTAL	65,457	(63,056)	9.9	(9.5)	12.5	(11.6)

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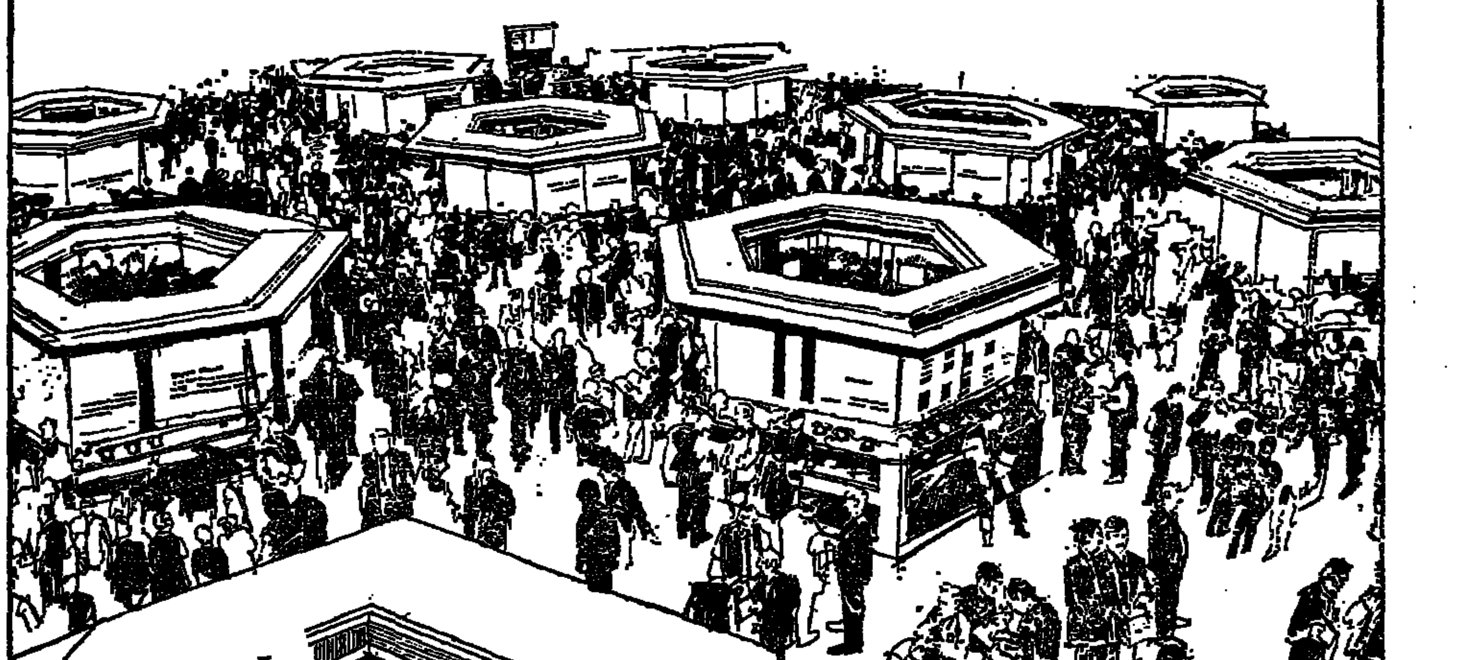

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To Flux. 1.1m.

Aged 25-35, with two years' experience of Eurocurrency Deposits. Fluency in French *and/or German preferred.*

AUDITOR
Flux. 520,000
(negotiable)

Aged 22-25, with one to two years' relevant experience including knowledge of Luxembourg accounting practice. Internal audit function only.

F.X. DEALER
Flux. 900,000-1.3m.

Aged 24-30 with three to five years' experience, mainly exchanges. Fluency in *German preferred.*

EUROBOND DEALER
To Flux. 1m.

Aged 23-30. Sound experience mainly $ Straights and some FRNs. Fluency in German and/or French preferred.

Jonathan Wren Banking Appointments

For further details of these and other opportunities please telephone, *or send a detailed Curriculum Vitae in confidence, to:—*
Roy Webb,
Jonathan Wren & Co. Ltd.,
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266.

Controller

Finance and Administration

Negotiable around £12,000

With Car & Non. Cont. Pension

This is a new position with a young company that has enjoyed exceptional growth in the past three years. It supplies high technology equipment for the computer peripheral market with revenues in the current year budgeted at $13m. Employing a very small team it is relocating early in 1981 to new premises in North Hampshire

The need now is to appoint an individual to take full responsibility for accounting, reporting, the development of budgets and forecasts, and administrative matters. After an initial *acclimatisation period in the States* the Controller will have a close working relationship with both the UK Managing Director and the US parent.

The person appointed will be in their early 30's with post qualification experience of US reporting in the profession, commerce or industry.

Please reply in confidence quoting Ref. U887/FT giving concise personal career and salary details to R. G. Billen – *Executive Selection.*

AYMS Arthur Young Management Services
Rolls House, 7 Rolls Buildings
Fetter Lane, London EC4A 1NL.

ASSISTANT TO GROUP TREASURER

Birmingham

Tube Investments is an international engineering group of approximately 100 companies with diverse interests, and total sales exceeding £1 billion.

The Group Treasury Department, is one of three central finance departments based at the head office in Edgbaston, Birmingham. An interesting *position now exists for a young professional, male or female,* wishing to broaden their financial knowledge in preparation for career development to senior Company/Divisional posts within 2 to 3 years.

Reporting to the Group Treasurer, the work will involve the continuing appraisal of the Group's borrowing requirements and assisting in the *negotiation of borrowing arrangements with Banks* and other financial institutions. There will also be responsibility for ensuring effective implementation of day to day cash management and analysing the effect upon the Group of exchange rate movements.

Aged mid to late 20's, you will probably be a qualified accountant/graduate, *a self-starter with initiative who ideally has at least two years* industrial experience.

An attractive salary is offered and there are excellent terms *and conditions* of employment including relocation assistance where appropriate.

Please write, with a detailed CV to: Mr. K.J. Compson, Personnel Manager, TI Central Organisation, TI House, Five Ways, Birmingham. B16 8SQ.

TI GROUP

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM and SHEFFIELD

Managing Director

Building and construction

North East, c.£20,000

For a substantial and autonomous subsidiary of a British public group, well established in building and construction both in the public and private sectors. Reporting to the parent company board the person appointed will be fully profit accountable for this subsidiary company, its management, direction and strategic development. Candidates, probably under 50, will have an outstanding record in general management *in building, construction or a* related contracting industry and must demonstrate highly developed skills in finance and business administration. This is a genuine opportunity for the ambitious person, with distinct career prospects in an internationally respected group.

G.T. Walker. Ref: 42307/FT. Male or female candidates should telephone in confidence for a Personal History Form to: NEWCASTLE: 0632-27455, *4 Mosley Street, Newcastle-upon-Tyne, NE1 1DE.*

ASSISTANT OPERATIONS MANAGER

Age 28-32 **to £10,000**

Use your broadly based operations *background in international banking to full* advantage in the new London offices of an expanding European Bank. If you have at least 6 years experience of all aspects of operations with proven supervisory ability, this position could offer *the career development you* desire. Fringe benefits include non contributory pension scheme, mortgage facility etc.

SENIOR DOC. CREDITS

Age 25-28 **c £7,500**

Major North American bank seeks ambitious career-conscious person with at least four years experience of documentary credits to join their small but expanding team at 2nd Checker level. A supervisory role is envisaged for *the right candidate. Excellent* benefits include mortgage assistance, bonus scheme, L.V.'s, four weeks holiday etc.

For further details of *these and the many other* vacancies we have to fill please contact Mark Stevens or Trevor Williams

BANKING PERSONNEL
41/42 London Wall · London EC2 · Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

Gilt Salesman -Shorts

The Gilt-Edged Department of Wood, Mackenzie & Co., provides a comprehensive service in long, medium and short-dated stocks to institutional clients.

The department's next phase of expansion includes the appointment of a salesman in short-dated stocks.

He/she should have two or more years' *experience of the short-dated gilt market* obtained either in stockbroking or in fund management.

The position is located in London. A fully competitive salary will be offered plus additional fringe benefits.

Please apply in confidence to:
T. Grimes BSc, FIA, Wood, Mackenzie & Co.,
62/63 Threadneedle Street,
London EC2R 8HP. Tel: 01-600 3600.

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WOOD, MACKENZIE & CO.
MEMBERS OF THE STOCK EXCHANGE

Gulf

PENSION FUND INVESTMENT ADVISOR

Major International Oil Company has a vacancy for a Pension Fund Investment Advisor for its London Office.

The successful candidate will be responsible for the development of investment objectives together with performance appraisal of the company's Eastern Hemi-*sphere pension funds.*

Applicants should preferably hold a University Degree or professional qualification and should have experience in the areas of investment or pension fund and trustee administration. Experience with the London and other European stock markets would be an advantage.

Salary negotiable according to age and experience.

Please apply giving full details, including current salary to:

Clare Hill,
GULF OIL COMPANY,
EASTERN HEMISPHERE,
Gulf House,
2, Portman Street, London, W1H 0AN.
Telephone: 01-493 8040 Ext. 3500

RECENTLY QUALIFIED ASSISTANT GROUP ACCOUNTANT

International Money Brokers E.C.4.

c. £10,500 + Benefits

The worldwide development of this go-ahead International Group *has resulted in the creation of this new position which offers* an excellent introduction to the world of commerce and international money market operations to a young newly or recently qualified A.C.A./A.C.C.A.

We are a respected subsidiary of a substantial international company. As the right-hand man or woman to the Group *Accountant, duties will be broad but centre around the control* and timely preparation of regular financial and management information, developing improved reporting systems, and liaising closely with our overseas subsidiaries ensuring their compliance with local statutory and group reporting requirements. Short-term overseas travel will be necessary.

To find out more about this opportunity and the *generous fringe* benefits that go with it, send brief but comprehensive details of your experience and qualifications to:

The Group Accountant
GUY BUTLER (INTERNATIONAL) LIMITED
Adelaide House, London Bridge, London EC4R 9HN

FINANCIAL CONTROLLER

We are a friendly, British private company manufacturing life-saving medical electronic equipment.

We need an energetic, young professional to take responsibility for all of our financial functions.

We turnover £2m per annum, employ 120 people, sell in the U.K. and overseas.

The position carries a salary of around £10,000, a pension plan and B.U.P.A. benefits.

For more information, phone or write to:—

Mr. Malcolm Keen, General Manager
CARDIAC RECORDERS LIMITED
34 Scarborough Road, London N4 4LU
Telephone: (01) 272 9212 (24-hour Ansaphone)

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are seeking to recruit experienced

STERLING BROKERS

Please write in confidence to:

Miss S. Lister,
Frazer May International Ltd.,
Staple Hall, Stone House Court,
87-90 Houndsditch, London EC3A 7AR
or Tel: David Thistlethwaite or David Beazleigh on 01-623 0081

Bahrain **From £18,000 Tax free**

Senior Foreign Exchange Dealer

Our client is one of the biggest Banks in Bahrain. Because of *the rate of growth* of its off-shore banking business it is now necessary to recruit a senior foreign *exchange dealer who, in addition* to his dealing activities, will also accept responsibility for the supervision and training of more junior staff.

Ideally aged *about* 30 and single, the successful *candidate* will have had several years' experience as a dealer in the London market, covering all aspects of *dealing room work.*

An initial three-year contract will be offered, and, in addition to salary, a generous annual bonus has hitherto been paid. *Other benefits* include free furnished accommodation and medical treatment, and 35 days' paid leave per annum.

Letters of application, together with CV, salary progression and any *other relevant data, should* be sent without delay to Mr C. A. Cotton, Executive Recruitment Division, MLH Consultants Limited, Park House, 22-26 Great Smith Street, London SW1P 3BU, quoting reference A224.

MLH *Consulting Group of Companies*

International Shipping Banker

Bankers Trust Company is seeking one or more experienced bankers to join its London Shipping Section to handle major account relationships and *business development of shipping companies within Europe.*

Applicants will be in their late twenties to early thirties and have a sound knowledge of the shipping industry and associated banking services. They must also possess strong credit analysis, business development and communication skills. A knowledge of another European language would be an asset.

We will offer an attractive salary, commensurate with your experience and *qualifications, plus fringe benefits* normally associated with a first class banking institution in the City of London.

Applications, which will be treated in complete confidence, should be submitted in writing with a full curriculum vitae to: Mr. P. C. Taber, Assistant Vice President, Personnel Division,

Bankers Trust Company
9 Queen Victoria Street, London EC4P 4DB.

EXPERIENCED FINANCIAL ACCOUNTANT

FOR QUOTED COMPANY

Croydon c. £12,000 + car

Our client is an expanding group of UK companies manufacturing, processing *and retailing a range of related goods and services throughout the country. It is* well established and the market leader in its main business area.

The *newly appointed chief financial executive requires a qualified accountant* to take responsibility for a wide range of group matters. Besides group accounts these will include business performance reviews, taxation and the continuing development of accounting and reporting methods.

Applicants should be qualified accountants aged over 40 with several years experience of group accounts and related matters. The remuneration package includes a car, pension, life assurance and sickness benefit schemes.

Please send brief personal and career details, in confidence and quoting reference FT/131/M to Douglas G Mizon at the address below.

Ernst & Whinney Management Consultants
57 Chiswell Street, London EC1Y 4SY.

Financial Director

International freight £14,500 + car

This post requires an accountant who is able to play a key role in the general management of the business and in the development of its financial potential. The company is part of a major British group committed to decentralised units which have a high degree of autonomy and profit responsibility. The person appointed will report to the Managing Director and be responsible for all financial and accounting functions. Candidates must be qualified *accountants* and be able to demonstrate a record of achievement in financial management in a service industry. Knowledge of shipping or transport would be advantageous as would language skills since the company has offices in Northern Europe. The employment package includes relocation assistance to East Anglia. *Ref: AA56 7470 FT*

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services
Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA
A member of PA International

CORPORATE FINANCE ACA/SOLICITOR

Our client, a leading Merchant Bank, seeks an Accountant with a minimum *of three years' experience of Corporate Finance.* The person appointed is likely to have a degree from a leading university plus a well-developed knowledge of the City and above-average social and communication skills. In addition we are always interested in talking to recently qualified *ACAs/Solicitors with experience* of Investigation and Acquisition work who want to move into Corporate Finance.

Ring Colin Barry on (01) 353 1884 or write to him at
OVERTON SHIRLEY AND BARRY
Morley House, 26 Holborn Viaduct, London EC1A 2BP

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The selected person will join a team covering America, South Africa, Australasia, Europe and the Far East.

We offer a salary commensurate with the situation and there is a non-contributory pension and life assurance scheme.

Please write giving full details of age and experience to:
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Is looking for an

EXECUTION MANAGER

- Swiss or "C" permit
- Minimum five years' experience in commodity execution (documentary credit and business follow-up).
- Aged 35-45
- Fluent English
- Responsible position involving co-ordination of all execution operations

Please write to arrange an interview:

A.T.T. SA
10, rue Bonivard, 1201 Genève

YOUNG CHARTERED ACCOUNTANT

c £10,000 + Substantial Range of Bank Benefits

Our client, an International Bank in London, seeks an Assistant Internal Auditor. Ideally the candidate will be recently qualified with experience of Bank Audit. French would be a definite advantage. The potential is excellent.

Please write in confidence to:

Mr. Mike Pope
Q.S. BANKING RECRUITMENT CONSULTANTS
30/31 Queen Street, EC4

CJA RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

CJRA

INTERNATIONAL NEW ISSUES

CITY £12,000 - £18,000

MAJOR INTERNATIONAL INVESTMENT HOUSE

We invite applications from candidates aged 24-28, who will have gained experience in the marketing of issues in international fixed-interest securities, with an Accepting House or other leading financial institution. The prime responsibility will be to operate and develop a marketing function from London. Proficiency in a second European language will be an advantage as some overseas travel is envisaged. The opportunity exists to head-up a team of new issues executives and this appointment will therefore appeal to those candidates who have the potential to make a significant contribution in a demanding environment. The initial salary in the range £12,000-£18,000 will be supplemented by a fringe benefits package. Applications in strict confidence under reference INS12716/FT will be forwarded unopened to our Client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager:

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON, EC2M 1NH.

ASSISTANT CONTROLLER

£11,000 aae

with a view to take over Controller position in one year, if you are aged 25-40, have got ACA, have worked for a Chartered Accountant or similar company and are looking for a real future. If you have experience of a similar post phone

Laura Hayward
930 8855
ALFRED MARKS STAFF CONSULTANTS

ASSISTANT ACCOUNTANT

£6,500

This leading City firm currently seeks a person with a minimum of three years' Financial Accounts experience who is capable of preparing Final Accounts. You should be studying for professional qualifications and in return you will be offered excellent career prospects, together with further training and study.

For further details call
Robert Milne
439 4381

Chief Accountant

Life Assurance

North Bucks c.£13,000 + car

City of Westminster Assurance Company Ltd the £50 million UK Life Assurance, subsidiary of the American owned Sentry Insurance Group, require a Chief Accountant.

Reporting to the General Manager with functional responsibilities to the Group Financial Controller, the Chief Accountant's task will include the management of the Company's Accounts Department consisting of other qualified staff, and participation in the development of the Company, as a senior member of the management team.

Applications are invited from qualified Accountants, not necessarily with previous experience in Life Assurance, who are attracted to a career in a financial services environment offering further opportunities for advancement.

Benefits are attractive and where appropriate include relocation costs.

Applications to
John Brazier, Director & Administrative Services Manager
Sentry Insurance Management Limited
Ashton House, 499 Silbury Boulevard, Central Milton Keynes
MK9 2LA

SENTRY

Young A.C.A. for Highly Profitable Group

Surrey to £10,000

One of the world's most advanced and successful corporations is currently offering an exceptional move to industry at group level.

The position provides an excellent opportunity to gain experience in Project Assessment, Group Forecasting, Financial Modelling, Financial Accounting, EDP Systems, Planning and Reporting.

The candidates will ideally be recently qualified accountants with the presence and personality to communicate at all levels.

For further information, please contact I.J.B. Gordon, quoting Ref. 3824 at the telephone number and address below or phone 02774 25651 after 7.30 p.m.

Lloyd Chapman Associates
123, New Bond Street, London W1Y 0HR 01-499 7761

Financial Controller Pakistan

The World Bank is assisting the Government of Pakistan in identifying a Financial Controller, who will help improve the accounting and financial procedures of the Oil and Gas Development Corporation, a state-owned company. The assignment will be for a period of eighteen months.

The Financial Controller will be responsible for:

- designing and implementing an effective cost and management information system, and restructuring the Accounts Department;
- planning and executing a physical count of stock and fixed assets;
- designing and implementing a simple budgetary control system;
- advising on staffing needs and/or short term consultants, and the recruitment of required qualified accounting/financial personnel.

REQUIREMENTS

Candidates should have experience in oil and gas accounting with emphasis on budgets, cost control and systems implementation. Experience should be at Controller level, or equivalent, in an oil and gas exploration and production company operating in a developing country.

Please send a resume, by closing date November 4, 1980, to the World Bank, Energy Department, Petroleum Projects Division, attention: Mr. Eugene McCarthy, 1818 H Street, N.W., Washington, D.C. 20433, U.S.A.

FINANCE DIRECTOR

West Midlands c.£12,000 + Car + Profit Share

This new appointment has been created within a major trading group, controlling distribution outlets throughout the Midlands.

Reporting to the Chairman and Managing Director, the role provides full involvement in business development of expanding activities. Initial emphasis will be given to the improvement of financial planning and management information services through the planned introduction of computerised systems and to the development, management and motivation of present staff.

Success will lead to a Board appointment and the benefits package includes a worthwhile Pension and Profit Sharing Scheme. Relocation assistance will be considered.

Preference is established for a qualified accountant, aged 35-45, ideally with management experience gained in a retail or distribution industry and having current familiarity with computerised accounting techniques.

In the first instance please call or write to Robert Miles (01-248 6321) for an exchange of information.

Personnel Resources Limited
HILLGATE HOUSE, OLD BAILEY, LONDON EC4M 7HS. 01-248 6321
LEADING SPECIALISTS IN FINANCIAL APPOINTMENTS

Foreign Exchange/Treasury Assistant

Age: Mid 20's c. £12,000

We are currently retained by the Merchant Banking arm of a major American Bank to recruit an experienced, able person to the above position. In addition to performing the normal range of dealing duties on behalf of the Bank, the successful candidate will also be expected to provide an "in-house" advisory service on current trends in both the foreign exchange and short-term money markets. A thorough knowledge of the international financial markets is therefore a prerequisite for this position, as is the ability to converse fluently in French, and one other major European language. Fringe benefits are excellent, and include mortgage assistance, a non-contributory pension scheme and P.P.P. membership.

If you wish to be considered for this position, please telephone or write in confidence to MARK STEVENS, General Manager

BANKING PERSONNEL
41/42 London Wall-London EC2-Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

SOUTH AMERICA

We have immediate and forthcoming requirements for the following personnel on one year tax paid salaried contracts.

HYDRO ENGINEERS Salary £13,000 to £14,500 nett.
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SYSTEMS ENGINEERS (Offshore/Onshore)
CIVIL ENGINEERS (Petrochemical/Mining)
PROJECT ENGINEERS (Petrochemical)

All applicants should be aged 35-50 have at least a working knowledge of technical Spanish, and a minimum of 8 years' experience in either the petrochemical, chemical or mining industry at a senior level.

The first appointments will be made mid November, 1980. Please send your C.V. with a comprehensive breakdown of previous positions along with photocopies of qualifications and passport type photograph to:—

ENGINEERING DIMENSIONS (O/SEAS) LIMITED,
Warwick House, 17 Warwick Road, Manchester M16 0PJ.
Tel: 061-872 8991

DG David Grove Associates
Bank Executive Recruitment
60 Cheapside London EC2V 6AX
Telephone 01-236 0640

EXPORT FINANCE EXECUTIVE Negotiable
This attractive appointment is with a U.S. Bank and will suit degree level candidates with at least 5 years' ECGD experience gained in banking or allied field. Salary will be attractive, negotiable according to age and experience, together with excellent fringe benefits. **Contact Norma Given**

SENIOR ANALYST c £9,000
Our client is an American Bank seeking a bright ambitious analyst with front line potential. Candidates should have a degree and at least 1/2 years' experience gained within international banking. **Contact Norma Given**

DEBT COLLECTOR £7,500
Major Export Finance House require a person to collect their debts from overseas customers, to recover doubtful debts etc. The ideal candidate will have Export Finance/Credit Control/Banking experience. **Contact Joan Menzies**

GENERAL BANKERS
We have several vacancies for bright, ambitious candidates with 1/2 years' banking experience. Applicants should have 'A' level standard education and management potential. Excellent salaries and fringe benefits.
Contact Norma Given

ROWE & PITMAN

Stockbrokers

have vacancies in their rapidly expanding foreign department for a young, experienced American Settlements Clerk and an experienced Senior Bookkeeper able to control foreign currency accounts. Good salary and conditions, profit-sharing bonus, non-contributory pension scheme, etc.

Apply in confidence to:
Mr. P. N. Smith, ROWE & PITMAN,
City-Gate House, 39-45 Finsbury Square,
London, EC2A 1JA.
Phone: 606 1066

Financial Accountant

London based circa £11,500

Our client, a subsidiary of a large American service company with operations in Europe, Middle East and Africa, has an immediate vacancy for an Assistant Financial Controller.

Reporting to the Chief Financial Officer responsibilities will include preparation of consolidated statements and accompanying monthly financial package; supervision of corporate office book-keeping function and covering cash forecasting, currency exposure reporting, budgeting and financial reviews of subsidiaries in the UK, Europe and Middle East.

We are interested in hearing from Chartered or experienced Accountants with knowledge of US reporting requirements and familiar with contract accounting, consolidations and accounting for foreign exchange. The successful candidate, male or female, will enjoy normal benefits expected of an international company.

Please send career details, in strict confidence to:–

Stuart Wood,
SPW (Recruitment Services) Ltd.,
604 Hatfield Road, Smallford,
St. Albans, Herts.
Telephone: St. Albans 53769

SPW Recruitment Services Ltd

EAL

LEASING FAR EAST up to £15,000

Major Far East Merchant Bank seeks a Leasing Executive for a significant Asian joint-venture operation. The successful candidate will help set up the operation and will have a controlling and monitoring role in addition to evaluating specific proposals and developing and marketing leasing packages to meet local needs.

Candidates will be aged 27 to 35 and must have solid experience in medium-ticket leasing. Credit analysis skills and the ability to fulfil a management role would be a distinct advantage. Salary negotiable to £15,000. Excellent financial benefits including a subsidised mortgage scheme and profit participation. (SW.295)

Candidates male or female should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W1, quoting reference. No identities divulged without permission.

Charles Barker
Confidential Reply Service
Please send full career details and list separately companies to which we should not forward your reply. Write the reference number on the envelope and post to our London office, 30 Farringdon Street, London EC4A 4EA.

FX Dealer

A professional FX Dealer is required by a leading Japanese Bank's London Branch.

CURRENCY: Spot Dollar/Sterling.

EXPERIENCE: At least five years in the London Interbank FX market.

AGE: Up to 35.

The successful applicant will have substantial autonomy within an operation and as a consequence the client will offer a very competitive and negotiable salary.

Reference 1674

PLANNING EXECUTIVE REDUNDANCIES?

In the current economic climate, executive redundancies are rapidly becoming a fact of life.

Often an unnecessarily harsh one.

Having to dimiss a loyal and often long-serving member has never been an easy task.

But now Saltzer Executive Services can help you to provide something a little more constructive than the inevitably clinical 'pay-off'.

The best possible assistance in securing suitable alternative employment as quickly as possible.

For a standard fee of £250 + V.A.T. per person we will provide an in-depth assessment and advisory interview for your employee with a full written report and recommendations; a verified psychological personality test complemented by an explanatory and detailed assessment and contact with a careful selection of potential employers.

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FOREX DEALER for No. 2 position. Euro., U.S. currencies and deposits. To £5,000 + benefits.
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DOCUMENTARY CREDITS to head new dept. £8,000 + benefits.
ACCOUNTANT recently qualified. Unit Trust exp. an advantage. £7,000
JUNIOR LOANS ADMIN. Age 23+. £6,000 up + benefits.
CREDIT ANALYST. Small U.S. bank with large lending book. No. 2 in dept. £7,000 + benefits.

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ALANGATE STAFF CONSULTANTS
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Tel: 01-208 8071

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Age 23+ up to £6,000 + bonus

This leading firm of Stockbrokers currently seeks a person with a relevant background in accounts/banking, to take responsibility for bookkeeping and currency positions, within their foreign dealing room. Excellent opportunities for progression can be offered to the right person. Usual benefits apply.

For further details call
Colette Davis Dartford
439 4381

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require an

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Applications are invited from Investment Analysts with at least two years' experience to head a section of our investment research activity which supports institutional and private client business.

Applications to:

B. D. Newman
MESSRS. SPENCER THORNTON AND CO.
Spenthorn House, 22, Cousin Lane
London EC4R 3TE

FIELDING NEWSON-SMITH & Co.

Financial Planning Services for Private Clients

We have a vacancy for a specialist to co-ordinate and expand the range of services and advice now offered to private clients.

The successful applicant must have at least five years' experience in advising on personal finance in stockbroking, insurance, accountancy or banking and must be thoroughly up to date on current practice in savings schemes, insurance and tax planning.

The position offers the opportunity of participating in an area of business which is being actively expanded and for which there is a growing demand. It offers excellent career prospects.

Applications should be sent to:

The Managing Partner,
FIELDING, NEWSON-SMITH & CO.,
31 Gresham Street, London EC2V 7DX.

FOREIGN EXCHANGE DEALER

To expand the exchange dealing side of our Bank, we require an experienced foreign exchange dealer, preferably with knowledge of all aspects of the Belgian Franc market.

French is an asset. Salary negotiable according to age and experience.

Please reply in confidence by written c.v. to Mrs. M. Whattler, Personnel Officer.

BANK BRUSSELS LAMBERT (U.K.) LIMITED
Parent Company Banque Bruxelles Lambert S.A., Belgium.
St. Helen's, 1 Undershaft, London EC3P 3EY
Tel: 01-283 3361 Telex: 884979
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Salary to £7,500.
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CLIENTS LEDGER CLERK
with centre file experience. Salary to £7,000.

EVANS EMPLOYMENT AGENCY
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Pauline Dudley

Assistant Company Secretary

to £8,500

for major City Insurance Group. Must be fully qualified with at least 5 years' company secretarial experience. Age 30-45.

COVENT GARDEN APPTS.
53 Fleet Street EC4
01-353 7696

Botswana
Power Corporation

Divisional Accountant

Up to £14,000 plus allowances

Applicants must be decisive and completely self-motivated and possess a recognised accounting qualification; they should also have three years' experience in a supervisory capacity.

The successful candidate will be responsible to the Corporation's Chief Accountant for the preparation of monthly accounts for the self-accounting division covering the eastern area of Botswana. Specific duties include preparation of budgets and long-term estimates, major project investment appraisal, control of the divisional cash resources and the training of local staff. Posting will be to Selebi-Phikwe.

Salary attracts 25% tax-free gratuity. Other benefits include free passages, generous paid leave, children's holiday visit passages and education allowances.

For an application form and full details writing quoting MA/910/FF, or phone Jane Holland on 01-222 7730 ext. 3519.

Crown Agents

The Crown Agents for Oversea Governments and Administrations, Recruitment Division, 4 Millbank, London SW1P 3JD.

Financial Accountant
c.£9,500

A leading industrial organisation now has a challenging opportunity in its group financial department in West London.

The post calls for a young qualified accountant, ideally with experience in a major professional practice or commercial concern. An above average ability to communicate with accountants at all levels and ages and the strength of personality to ensure adherence to reporting policies are important attributes.

Within strict time parameters the role covers all aspects of financial accounting using computerised systems and offers excellent experience at large group level. There are good prospects for personal development and promotion.

Please telephone or write in confidence to:
MANN MANAGEMENT, 124 New Bond Street, London W.1. 01-629 4226.

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Business and Investment Opportunities

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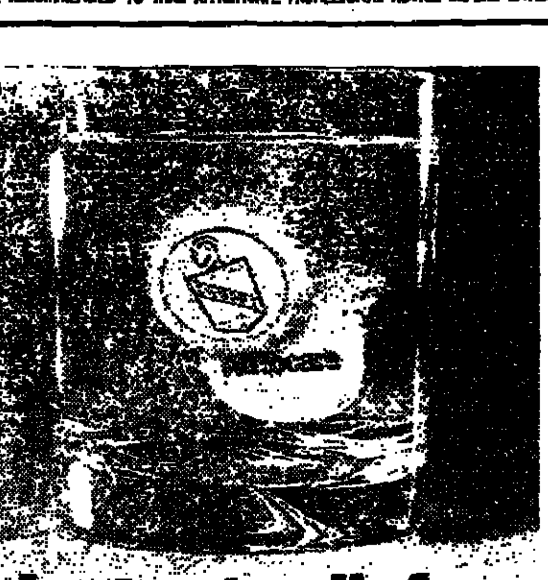

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BUSINESSMAN

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THE SECRETARIAT OF THE LIGHT INDUSTRIES
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CABLE ADDRESS: TASNIALIBYA

TENDER COMMISSION NOTICE FOR
The prolongation of the date for opening of the public Tender Number 1/80 relating to the establishment of one ultramodern fully automatic plant for the production of industrial and medical Alcohol, Vinegar and Dry Bakery Yeast at EL KHOMS/ S.P.L.A.J.

The Tender Commission of the Secretariat of Light Industries *hereby announces the prolongation of the latest date defined for* accepting offers for the Public Tender No. 1/80 relating to the establishment of one ultramodern fully automatic plant for the production of Industrial and Medical Alcohol, Vinegar and Dry Bakery Yeast at EL KHOMS/S.P.L.A.J. till 1.11.1980 instead of 1.10.1980.

Participation in the aforementioned Tender shall be in the same conditions previously advertised for.

Tender Commission

COMPANY NOTICES

GENERAL MINING UNION CORPORATION LIMITED
(Incorporated in the Republic of South Africa)
PAYMENT OF COUPON No. 112

Holders of Share Warrants to Bearer will receive payment on or after 17 October 1980 at the rate of 27.82268p the amount declared per share less 4.17340p being South African Non-Resident Shareholders' tax of 15% against surrender of Coupons No. 112.

Coupons must be deposited FOUR CLEAR DAYS for inspection before payment will be made:—

In London: At the London Secretaries Office of the Corporation, 30, Ely Place, London, EC1N 6UA.
In Paris: At Lloyds Bank International (France) Limited or Credit du Nord.
In Switzerland: At Credit Suisse, Zurich, Union Bank of Switzerland, Zurich, or Swiss Bank Corporation, Basle or at any of their branches.

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:

	Pence
Amount of Dividend after deduction of South African Non-resident Shareholders' Tax of 15%	23.64928
Less: United Kingdom Income Tax of 15% on the gross amount of the Dividend of 27.82268p	4.17340
	19.47588

Listing forms can be obtained on application to the London Secretaries.
per pro. GENERAL MINING UNION CORPORATION (U.K.) LIMITED
London Secretaries
L. J. BAINES

30, Ely Place,
London EC1N 6UA.
9 October, 1980.

NOTE—Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African Non-resident Shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15 per cent instead of at the basic rate of 30 per cent represents an allowance of credit at the rate of 15 per cent.

The gross amount of the dividend received to be entered by the individual shareholder on any return for income tax purposes is 27.82268p multiplied by the number of shares held.

To the Holders of
NATIONAL BANK OF HUNGARY
REDEEMABLE FLOATING RATE DEPOSIT NOTES
Due 30th March 1981

In accordance with the provisions of the above, American Express International Banking Corporation, as Fiscal Agent, has established the rate of interest on such notes for the semi-annual period ending 30th March 1981 at 13 3/8%. Interest due at the end of the interest period will be available upon surrender to any of the Paying Agents of Coupon No. 8.

American Express I.B.C.
London
As Fiscal Agent

PUBLIC NOTICES

NOTICE INVITING PROOF OF DEBT OR CLAIM
NORTHUMBERLAND INSURANCE COMPANY LIMITED

The creditors of the above-named Company are required on or before the 9th day of February, 1981 to prove their debts or claims and to establish any title they may have to priority by delivering or sending through the post to the liquidator at the undermentioned address an affidavit verifying their respective debts or claims. In default they will be excluded from the benefits of any distribution made before such debts or claims are proved or such priority is established and from objecting to any such distribution.

Form of proof may be obtained from the undersigned.

Dated this 9th day of October, 1980.
L. S. HUNTER,
Official Liquidator,
Wallace McMullin & Small,
52-54 Phillip Street,
SYDNEY, N.S.W. 2000,
AUSTRALIA.

BIRMINGHAM COUNCIL BILLS
£7.75m 91-day Bills issued 9th October, 1980 to mature 8th January, 1981. Applications totalled £105½m. Minimum accepted price £96.45½. Average rate of discount £14.22%. Total Bills outstanding £23.25m.

MIDDLESBROUGH BOROUGH COUNCIL
£900,000 Bills issued 8.10.80 at a rate of 14¼% to mature 7.1.81. Total applications were £6,300,000 and these are the only Bills outstanding.

GLOUCESTER CORPORATION BILLS
£2,500,000 Bills issued 8.10.80 at 14½% to mature 7.1.81. Applications £20,000,000. Outstanding £11,500,000.

KNOWSLEY CORPORATION BILLS
£1,000,000 Bills issued 8.10.80 at 14 19/64% to mature 7.1.81. Applications £11,000,000. Outstanding £2,000,000.

DUDLEY METROPOLITAN BOROUGH COUNCIL
£4.3m issued 9.10.80 to mature 8.1.81: £3.3m at 14 9/32; £1m at 14 17/64. Total applications £5,160,000. Total Bills outstanding £6,400,000.

ALLEGHENY LUDLUM HOLDINGS, INC.
FLOATING RATE UNSECURED LOAN NOTES 1984

The rate of interest payable on the above Notes, in respect of the period from 1st October 1980 to 1st January 1981, both dates inclusive, will be 15.8125% per annum.

BARCLAYS BANK LIMITED.
Registration Department,
Radbroke Hall,
Knutsford, Cheshire.

EUROPEAN INVESTMENT BANK
9¼% BONDS 1976-1988
FRENCH FRANCS 200,000,000

NOTICE IS HEREBY GIVEN to Bondholders that in accordance with the terms and conditions of the above loan, bonds for a nominal amount of French Francs 10,000,000 have been purchased by E.I.B. during the twelve-month period ending on September 30, 1980.

Amount outstanding on October 1, 1980: French Francs 175,000,000.
Luxembourg,
October 9, 1980.

AUSTIN REED GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Register of Members will be closed and the registration of transfers of all classes of shares will be suspended from 27th to 31st October 1980 both dates inclusive.

By Order of the Board,
G. J. TUBB,
Secretary.

P.O. Box No. 2,
Thirsk,
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Basildon House, 7-11 Moorgate
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The Managing Partner,
FIELDING, NEWSON-SMITH & CO.,
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Please write or telephone:

T. C. H. Macafee, Beresford Associates Limited,
Cross Keys House, 56 Moorgate, London EC2R 6EL
Tel: 01-628 7546/7

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CONTRACTS AND TENDERS

Brazil

STATE OF RIO GRANDE DO SUL
SECRETARY OF STATE FOR ENERGY, MINES AND COMMUNICATIONS
COMPANHIA ESTADUAL DE ENERGIA ELÉTRICA
— CEEE —
COMPANHIA AUXILIAR DE EMPRESAS ELÉTRICAS BRASILEIRAS
— CAEEB —
INVITATION TO SUPPLIERS OF
ELECTRIC AND ELECTRONIC MATERIALS AND EQUIPMENT
CEEE POWER DISTRIBUTION PROJECT
LOAN NO. 1824-BR

I—COMPANHIA ESTADUAL DE ENERGIA ELÉTRICA—CEEE, established in the State of Rio Grande do Sul, Brazil, has obtained a Loan from World Bank (IBRD), in various currencies equivalent to US$ 114,000,000.00 (one hundred and fourteen million US dollars), and proposes to apply these Loan funds for the financing of a part of the expansion plan of its subtransmission and distribution system covering the period from 1980 to 1984.

II—CEEE will utilize the services of COMPANHIA AUXILIAR DE EMPRESAS ELÉTRICAS BRASILEIRAS—CAEEB, in the procurement of related materials and equipment.

III—During the next 12 (twelve) months CEEE will issue invitations for international bidding for the supply of equipment, materials and services which are grouped in the following bids:

Bid No.	Description	Approx. Est. Cost in US$ M
1	CABLES AND CONDUCTORS	18.9
	1.1 Aluminium conductors ACSR	
	1.2 Aluminium conductors AAC	
	1.3 Insulated aluminium conductors class 15 kV	
	1.4 Alumoweld	
	1.5 Bare copper cable & wire	
	1.6 Galvanized steel cables	
2	WATTHOUR METERS	6.3
	2.1 Single and polyphase	
	2.2 Demand meters (polyphase)	
	2.3 Reactive energy meters (polyphase)	
	2.4 Special measuring equipment (automatic processing)	
	2.5 Special measuring equipment (semi-automatic processing)	
	2.6 Instrument transformers	
3	TRANSFORMERS AND SUBSTATIONS	19.7
	3.1 Power transformers 230, 138 and 69 kV	
	3.2 138 kV mobile substations	
4	DISTRIBUTION TRANSFORMERS	2.5
5	INSULATORS	0.4
	5.1 Suspension type insulators mechanical strength 8 and 12 tons	
	5.2 Insulators (anti-pollution)	
6	POWER DISTRIBUTION EQUIPMENT (first bid)	11 8
	6.1 Reclosers	
	6.2 Sectionalizers	
	6.3 Voltage regulators (single phase)	
	6.4 Capacitor banks	
	6.5 Oil switches	
7	MEASURING EQUIPMENT, RELAYS & CONTROL PANELS	4.7
	7.1 Instruments	
	7.2 Relays	
	7.3 Line, Transformers and feeder panels	
8	POWER TRANSMISSION EQUIPMENT (second bid)	12.8
	8.1 Circuit breakers	
	8.2 Fuse switches 69 kV	
	8.3 Lightning arresters and discharge counters	
	8.4 Instrument transformers	
	8.5 Potential capacitive devices	
	8.6 Metal clad switchgear	
	8.7 Disconnecting switches single phase	
	8.8 Disconnecting switches three-pole	
	8.9 Automatic reclosers	
9	LIVE LINE MAINTENANCE EQUIPMENT	1.3
	9.1 Equipment, tools and accessories	
	9.2 Additional equipment	
	9.3 Hydraulic equipment	
	9.4 Hot-line tool trailers	
	9.5 Live-line washing equipment	
10	INSTRUMENTS FOR TEST & MAINTENANCE	4.8
	10.1 Equipment for electromechanical department	
	10.2 Equipment for electro-electronic department	
	10.3 Equipment for localization of faults in transmission lines	
11	TRANSFORMER REPAIR SHOP	0.1
	11.1 Equipment and instruments for repair and test of transformers	
12	METER REPAIR SHOP	1.6
	12.1 Equipment and electrical test instruments	
	12.2 Equipment and instruments for laboratory tests	
13	CONTROL SYSTEM	0.1
	13.1 Polyester paper	
	13.2 Electronic distanciometers & theodolites	
14	TELECOMMUNICATION EQUIPMENT	5.8
	14.1 Microwave equipment	
	14.2 UHF equipment	
	14.3 Carrier equipment	
	14.4 Instrument and test equipment	
	14.5 Supervision system (Master & Remotes)	
15	MISCELLANEOUS items including hardware, accessories for cables and conductors, counterpoise, terminals, etc.	0.7

IV—These invitations will be complemented by notification to the Diplomatic Representatives in Brazil, of the World Bank member countries and of Switzerland, at the time the corresponding bidding documents are made available.

V—*In the meantime, suppliers and manufacturers* who wish to be included in a mailing list to receive the aforementioned bid invitations, are requested to write stating in which bid or group of bids they are interested in participating, by writing to the followng address:

COMPANHIA AUXILIAR DE EMPRESAS ELÉTRICAS BRASILEIRAS—CAEEB
Att.: Coordenador de Compras
Avenida Rio Branco, 135-13° andar
Caixa Postal 883
ZC-00 Rio de Janeiro - CEP 20066 - Brasil

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Tel: 041-36 42 36

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THE ARTS

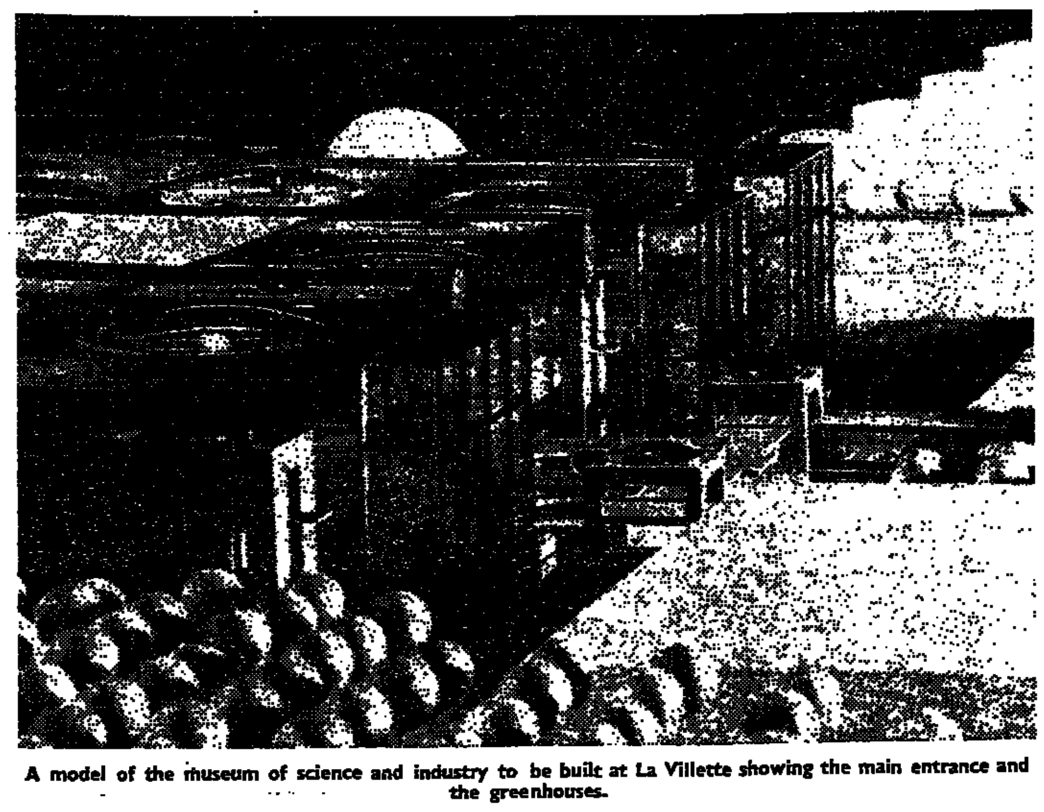
Paris architecture

Beabourg de Giscard by JOHN FALDING

A spectacular national museum of science and industry, set in 75 acres of parkland and formal gardens, is seen as Valery Giscard d'Estaing's reply to the Beabourg Centre created by his predecessor Georges Pompidou.

The £80m project, inevitably referred to as le Beabourg de Giscard is a further example of the French president's desire to see his country's museums pre-eminent and can also be regarded as a reflection of his new five-year plan to push France to the forefront of technological nations. It should also resolve the embarrassment caused by one of the most inept and wasteful planning decisions in Paris in 20 years.

The museum will be built on the state-owned site of the expensive and under-utilised abattoir and meat market at La Villette in a deprived area on the city's north-eastern boundary. The Government's decision in 1959 to have a centralised slaughterhouse was condemned by the trade, which knew it was cheaper to transport carcasses than live animals. Provincial slaughter houses proliferated and Paris butchers turned their backs on La Vilette.



A model of the museum of science and industry to be built at La Villette showing the main entrance and the greenhouses.

The slaughter of the white elephant is now under way. Demolition of the reinforced concrete stabling and refrigeration blocks began in June but will not be finished before the end of March. It was decided that the walls of the never-used market hall should be retained for the museum, providing a building area with 300 metres by 160 metres with the prospect of a volume three times that of Beabourg.

Giscard inspected 24 schemes for the museum and the park before deciding in favour of the 49-year-old Paris architect Adrien Fainsilber, a conservative in his preference for natural materials and his belief in an easy relationship between a building and its environment. He has several university projects to his credit, his most recent work being the 444-bed hospital at Ville Nouvelle d'Evry.

Fainsilber's treatment could hardly be further from the self-conscious utility of Beabourg and its arrogant denial of its surroundings. He is aiming for "an impression of osmosis between the museum and its environment and continuity between the exterior and the exterior."

This explains some of the most striking features of the new building—the full-height greenhouse facades, the stepped moat, and the steel finish to a spherical cinema

Water plays an important role in the overall concept. The site is bisected by the Canal de l'Ourcq and there will be a new long tree-lined basin crossing it at right angles in line with the museum entrance and which will be linked through narrow channels with a proposed dancing school and the existing Fontaine aux Lions. The Canal St. Denis forms half of the site's western boundary.

The museum's five-storey interior will be illuminated by ten glass cupolas, 30 metres in diameter. It will house a planetarium, conference hall, space for temporary exhibitions and the Museum of Discovery at present in the Grand Palais.

Outside, three raised platforms will make open-air scientific exhibitions visible throughout the park, extending the museum's capacity and providing a further link between science and the natural roundings.

Terraced gardens will shield the site from the noise of traffic on the Boulevard Peripherique on its western boundary. The large old Halles aux Boeufs will be retained for temporary exhibitions, shows and fairs in keeping with the objectives of the museum. The site will also have the large auditorium originally destined for the Les Halles redevelopment.

When the project is completed in 1984-85 France should have a centre where science can be presented and explained in a building with its own artistic significance, further Giscard's vision of a well preserved past and a technological future.

Aldwych

Juno and the Paycock by B. A. YOUNG

The Royal Shakespeare Company has recruited a number of Irish players for the production of *Juno and the Paycock* with which they celebrate Sean O'Casey's centenary, but the part of Juno is played by one of their English stalwarts. This is a new departure for Judi Dench, a character part in which she is altogether different from her usual image—a new voice, a new face, new movements, the familiar Miss Dench entirely submerged in the middle-aged Dublin housewife, victim of grinding poverty and a feckless husband. It is a triumphant success.

The setting for the production, designed by John Gunter, is a big bare room—perhaps too big—with a door leading to a staircase, a door leading to the bedroom and a back wall above which you can see the skyline. There is another bed in one corner, a fire and a modicum of shabby furniture. In this, Juno—Mrs. Jack Boyle—lives with her husband, her daughter Mary (cutting her teeth on Ibsen and Socialism) and her son Johnny, with his crippled hip and his missing left arm, a Quartermaster in the Irregulars. Outside, the civil war of 1922 turns up at every street corner. Yet Juno keeps her home happy, encourages Mary, consoles Johnny, gives her husband, the self-styled Captain, his breakfast after she has assured him he will get nothing of the kind unless he goes and looks for work.

The Captain, as Norman Rodway plays him, looks every bit the old sea-dog with his white beard and his peaked cap on the back of his head. When the schoolmaster Charles Bentham in his ginger plus fours (a smooth performance by Bryan Murray) tells him of the fortune left him by his cousin, he seems to inflate himself like a balloon, and two days later he has a new act—he is a man of wealth in a dark suit with a watch-chain across his waistcoat and his hair brushed neatly from a side parting. He is even patient enough to take Bentham's hat and stick from him when he arrives at the celebration party, though he chucks them on the bed a minute later.

The party is beautifully done. There is a real air of enjoyment, in spite of the macabre interruptions that interfere: Mrs. Tancreds visit on her way to the funeral of her son, one of the fallen in the civil war, and Johnny's scare when he believes he sees young Tancred dead in the bedroom. Its one of the many merits of Trevor Nunn's production that the offstage activity, on the stairs and in the bedroom, is so effective. At the end of the act, when everyone has done his turn (except Joxer (John Rogan) who can't remember more than eight bars of his song) and the stage is bare except for Johnny, Mr. Nunn is not afraid of a moment of melodrama, when he shows the shadow of the Irregular recruiter on the door as he pauses to make sure it is safe to come in and deliver Johnny's summons to a staff meeting.

The third act is the saddest aggregate of tragedy I know since the last act of *King Lear*. Mary, beautifully played by Dearbhla Molloy, is revealed as carrying Bentham's child, Bentham having decamped. The Captain's fortune will not come, for the will was wrongly drafted. Debtors, suddenly turned from doves to hawks, come demanding their money, and the new furniture that decked the room in Act 2 is carted away. And in the middle of this shaming process, two men in trench-coats come with pistols to fetch Johnny to his accounting for having exposed Tancred. Miss Dench's account of Juno's bitterness here is heart-breaking. For my taste, the subsequent return of the Captain after his farewell drink with Joxer mars the end a little; Juno and Mary have gone, Johnny has gone, we know well enough what will happen to Boyle. Norman Rodway and John Rogan do it nicely all the same, with Boyle sinking into an overturned chair to repeat that the world is in a state of chassis.

Gerard Murphy and Judi Dench

The acting is excellent throughout. Gerard Murphy almost moved me to tears as he nurses his consciousness of guilt as Johnny. As his sister, Dearbhla Molloy contrives to suggest that for all her education she will become the same kind of loyal mother as Juno. There is a wonderful moment when her former boyfriend Jerry (Frank Grimes) is on the point of proposing to her in the grief of her desertion and then, learning of her condition, slowly changes his expression from devotion to disapproval and stalks from the room. John Rogan gives an enjoyable Joxer, his bald head thrust forward to catch approval as quickly as possible, but the first man away when there's trouble. There are nice cameos too from Marie Kean as Mrs. Tancred, mourning her murdered son, and Doreen Keogh as Maisie Madigan, gay and friendly until she learns she'll never see her £3 5s again, when she steals the gramophone.

Andre Previn ill

Andre Previn will not be conducting the Royal Philharmonic Orchestra at the Festival Hall tonight because of illness. Norman Del Mar will take his place. The programme remains the same.

Riccardo Chailly will conduct the RPO's 3.15 pm concert on Sunday. Peter Franckl will be the soloist. Riccardo Chailly will also take Andre Previn's place on the European tour.

Lyric, Hammersmith

The Wild Duck by MICHAEL COVENEY

I missed the National revival of Ibsen's great play but, just as it leaves the South Bank repertoire, along comes another, splendid, revival by Michael Blakemore starring Richard Briers and Nerys Hughes in a new translation by Ronald Hingley.

However you read the symbolism of the wild duck in the Ekdal attic, the theatrical force of the piece can never be diminished by all the theories. "Simple as Little Red Riding Hood" was Shaw's verdict but it is his insistence on Hjalmar Ekdal providing a great comic part that Messrs. Blakemore and Briers have taken especially to heart. This Ekdal, with his mocking line in self-pity and irritating domestic habits, is well within Mr. Briers's range. More surprising is the assurance with which he enters in Act 4, reeling from Gregers Werle's revelation, a man suddenly steeled to corrective action. By the end he has relapsed into his old self—that passage is brilliantly played by Mr. Briers and Miss Hughes. You almost dare the shocking upshot not to happen.

Ibsen's point about the necessity we all share of living with lies in order to make life bearable is relentlessly pressed home. Gregers (Jim Norton) with his "acute case of galloping integrity" is a squirming figure as he tears the Ekdal family apart in the name of laying the foundation for a true marriage after his victims have muddled along happily for 15 years. Julia Trevelyan Oman's design hangs a large landscape in front of the attic door. This fantasy is what the family has learned to live with, as well as Ekdal's pathetic talk of new photographic inventions. Old Ekdal (Gerald James) is the serene embodiment of disappointed hopes. Gregers's idealistic charter can never change him or anyone else.

Mr. Hingley's translation is particularly good at supplying Mr. Briers with a rich variety of self-dramatising turns of phrase and he allows Relling (strongly played by John Ringham) to inflict the final blow with a resounding "piss off" hurled at Gregers on the final curtain. The teenage Hedvig is marvellously played by Michele Wade, dithering affectionately behind her spectacles and breaking up in unbearable anguish before making her tragically misguided exit. This is a strong, conventional production that, after a comparatively dull first act, has gathered full force by the end.

Richard Briers Leonard Burt

Elizabeth Hall

Music Projects/London

Previous concerts by Music Projects have been confined largely to the Riverside Studios, but evidently now the group feels confident of its accomplishment to risk exposure on the South Bank. Tuesday evening's concert in the Elizabeth Hall, conducted by Richard Bernas, showed the ambition to be entirely justified. A programme of 20th-century music for strings, all of it extremely demanding, was brought off with the fluency and accuracy few other British ensembles could muster.

The two new works of the evening added a solo trombone (the excellent Roger Williams) to the basic group of 12 strings. Simon Emmerson's *Chimera* was commissioned by Music Projects; largely a series of ruminations for bass trombone over sustained string chords, until a taped remembrance of the soloist in the final bars, it seemed more concerned with working out its elaborate harmonic scheme than with constructing a shapely, involving piece. Tona Scherchen-Hsiao's *Lo* was more substantial; a tone poem (the title refers to the setting of the sun) in which the trombone acts as catalyst for the string's metamorphoses. The solo writing is well defined and varied, the strings are given the most precise filigree decorations. *Lo* follows a logical, eventful course through its 20 minutes, passing through some oases of simple lyricism; it seems, that rare animal, a work for the trombone and its new sound world, that does not merely regurgitate the standard catalogue of effects.

The strings alone had begun the concert with Xenakis' *Aroura*, another example of the composer's own brand of nature pieces but this time a cogent, concentrated essay in texture and layering. It was played with quite disarming confidence, as was Bussotti's *Marbre pour cordes*, a less satisfying, sometimes infuriating reworking of *concerto grosso* techniques, which contains some moments of almost accidental beauty—a spinet tinkling over sustained string harmonics, violins entwining solos—and much more of apparently unconsidered ugliness. Mr. Bernas ended with the arrangement for string orchestra of Webern's Five Pieces Op.5, a lovingly shaped account, intelligently paced; the opening of the last piece in particular was a splendid demonstration of tonal control. One hopes that the pathetically small audience will not discourage the group from further explorations.

ANDREW CLEMENTS

Riverside Studios, Hammersmith

No Maps on my Taps

George Nierenberg's documentary about tap dancing, *No Maps on my Taps*, was one of the delights of the recent BBC TV Dance Month. It featured the exceptional gifts of three black American dancers, Bunny Briggs, Chuck Green and Sandman Sims, wonderful survivors of the great days of tap dancing, before Rock and Roll seemingly killed it in popular interest. But it survived, as the film showed, in the splendid artistry of these three heroic performers. And survives still, as Riverside Studios enterprisingly reveal this week. Two of the stars of the film—Chuck Green and Sandman Sims—are there on stage, with Buster Brown as their companion, and wonderful they are. And to put their performance in perspective, the film is shown as the first half of the evening.

The documentary needs no further bouquets from me, but the dancers, and the jazz trio which accompanies them—Danny Holgate, Percy Brice and Alex Layne—merit every praise. Stylish virtuosity, charm, and prodigies of tapping are the ingredients of the evening. The three dancers are intriguingly contrasted in manner and approach to their art.

Buster Brown is the most conventionally theatrical; light, fast, very polished in presentation, he embroiders a melody or a time-step (the basic rhythmic cell of tap) with ingratiating ease.

Sandman Sims shows us how he earned his soubriquet by producing fascinating swirls of sound on a metal tray sprinkled with sand, then moves into a couple of dizzying solos which seem cadenzas of tapping and the most taxing and ebullient virtuoso exploits.

Finally Chuck Green dances. His is a mysterious and gripping talent. He is the dancer as improviser. Like the greatest jazz musicians he can seem to take off into a private world of inspired embellishment, often holding our attention by suspensions of rhythm, by the merest glimpses of the underlying theme of his dance, by hints, by gesture that evokes whole sequences of movement. His stage personality is apparently solemn; his dancing is vivid, transcendental. All three artists demand to be seen.

CLEMENT CRISP

St. John's, Smith Square

Park Lane Group by PAUL DRIVER

The roll-call of the PLG's Young Artists Success Series—three weekly recitals at St. John's, the first last Tuesday—testifies to a daunting prescience it has shown through its 25 years of life. Few indeed of the singers and players who dominate current chamber musical life seem not to have had their presumably obscure beginnings under its wing; distinguished ensembles too have been incubated there—the Nash in 1965, the Coull String Quartet in 1977.

Appearing on Tuesday to celebrate — though before an audience so sparse as to preclude all festivity—were clarinettist Alan Hacker, the earliest of the Groups protegés, launched in 1958; bassist Rodney Slatford; and singers Sarah Walker and Anthony Rolfe Johnson with their accompanist Roger Vignoles.

Mr. Slatford was least fortunate in his choice of repertoire. It was surprising the audience did not thin to nothing during Alan Ridout's interminable *Little Sad Sound* — a queer conception for bassist as his own narrator in a sort of *Peter and the Wolf* for the very senile. And Elizabeth Lutyens's *The Tide of Time* (accompanied at the piano by Clifford Lee) gave him small chance in its six long minutes evoking Sleep to redeem himself.

Alan Hacker's first piece, *An Og Mhadainn* by William Sweeney, was just as soporific: its misty drone sustained by four child clarinettists soon dulled what little life the solo part could show, even in the hands of such an inventive and passionate player. But Maxwell Davies's *The Seven Brightnesses*, another study in northern light, abruptly liberated Hacker's volatile spirit and dizzying prowess. It is a lesson in how to draw maximum interest and sonic variety from a melody instrument; and no clarinettist duets with himself or projects *in altiss* so well as Hacker.

The vocal items, three by Britten, were dampened by the unpeopled ambience (Mr. Vignoles's piano could never be heard quite sharply enough)

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How to help the South

ONE OF the ways in which the industrial North can help the South is by providing free access to developing countries' manufactured exports. This applies most strongly to textiles and clothing (especially the later) where the developing countries enjoy a comparative advantage because of their low labour costs. Countries like South Korea and Taiwan have shown how to use these products as the starting-point for industrialisation; their example can be emulated by others if the markets of the industrial world are open to them. Yet over the past two decades the developing countries have been subjected to steadily tightening restrictions, culminating in the so-called Multi-Fibre Arrangement which is supplemented by a host of bilateral arrangements. The MFA is due for renewal next year.

Strong lobby

As explained in a paper published today by the Trade Policy Research Centre, it was the U.S. which started the slide into protection in the early 1960s. The European Community was quick to follow suit. The traditionally high tariffs which the textile industries of the developed countries had enjoyed were reinforced by stringent quota arrangements. An elaborate system of protection has been built up which very few people understand — except, of course, those who benefit from it. The textile lobby has gained in influence, not least because it has been reinforced by the big chemical companies, whose investment in synthetic fibres is thought to be vulnerable to imports of textiles and clothing from the developing countries.

The most damaging effects of the MFA have been on the poorest developing countries, which have huge pools of unskilled workers eager for jobs and very low real wages. Export-oriented policies, based on textiles and clothing, would enable them to create jobs and raise living standards, as South Korea and Taiwan have done. But quotas either discourage them from adopting outward-looking policies in the first place or prevent them from getting very far in textile products if they do. As the authors of the paper put it, "by using the ability of poor countries to supply labour-intensive manufactures competitively as a justification for protection against them, the developed countries are penalising them for the consequences of poverty while depriving them of a major means of ameliorating it."

The paper rightly points out that most of the job losses in the developed countries have been due to productivity increases, not to imports; protection is not a reliable method of preserving employment in textiles. The most successful producers, such as those of West Germany have specialised in skill-intensive or capital-intensive lines, while sub-contracting abroad the more labour-intensive tasks; this has led to a big reduction in manpower, but greatly improved competitiveness.

Unrestricted imports would increase the rate of job loss, but the scale of the problem needs to be seen in perspective. On the most extreme assumptions about the consequences of free trade, up to 2¼m jobs might be lost in the textile and clothing industries of all developed countries during the 1980s; this is 3.5 per cent of the total labour force in manufacturing and less than 1 per cent of total employment. The industrial countries have to ask themselves whether the benefits of adjustment—for consumers, for expanding trade with developing countries and hence for creating new jobs—outweigh the costs.

Safeguard

The ideal outcome of the MFA re-negotiations would be the abolition of quotas, retaining only a minimum safeguard provision, through the GATT, to give emergency protection. A less drastic option would be to restrict the MFA to clothing, excluding textiles; the developed countries are and have always been net exporters of textile yarns and fabrics. If the MFA covereage has to be retained, quotas could be set, not for individual countries, but for groups of countries — for example, poor countries with a low level of industrialisation. The overwhelming need is for the MFA to be made less rather than more restrictive, so that the protectionist tide can be halted.

Generating a new approach

THE GOVERNMENT'S refusal to come to grips with the organisational absurdities of Britain's electricity industry, which have prompted the resignation of Sir Francis Tombs, the Electricity Council's chairman, is the latest evidence of the lack of direction which the Government has shown in its dealings with the nationalised industries.

It was appropriate, although entirely coincidental, that Sir Francis announced his resignation on the same day as news of a further setback in the Government's increasingly unsuccessful struggle to impose unrealistic cash limits on the nationalised industries. This morning comes further evidence of the failure of nationalised industry policy, with the revelation that the Prime Minister has asked her Think Tank to review ways of preventing nationalised industries passing on their costs through higher charges. This suggests that she has realised that attempts to control pay bargaining through cash limits were, from the start, unlikely to succeed.

Futile task

Unlike Sir William Barlow, the chairman of Britain's other outsize public sector industrial undertaking, the Post Office, who has also resigned in protest against Government nationalised industry policy, Sir Francis is leaving over a disagreement which is specific to his own industry. Had he remained in his job after the Energy Secretary's decision to take no action on the last government's commitment to change the structure of the electricity industry, he would have been faced with a task which is both thankless and, in his view, futile.

For whatever new ideas a radical Conservative Government, with strong views on decentralisation, might have been expected to come up with as alternatives to the last administration's plans, total inaction did not seem to be an available option. The Plowden Committee, which reported in 1976 on the structure of the industry made this quite plain when it said, "we do not regard the maintenance of the present structure as a real possibility." Indeed, the Committee could find "scarcely any witnesses" to argue for the present structure, consisting of a single generating authority (the CEGB), acting as a monopoly supplier, but without any contact with consumers and 12 area distribution boards, handling all relationships with customers, but having no direct influence over the generating board's decisions.

The predictable result of this arrangement is that, instead of "creative tension" between electricity generation and distribution, there is an absence of coherent planning and marketing. Tariffs cannot be set by area boards to reflect true costs of distribution and production. Decisions are delayed. Most importantly, the CEGB is cut off from consumer pressures and information about the market, while area boards disclaim all responsibility for generating costs and efficiency, since they are powerless to influence the CEGB's actions, or even its tariff structure. In the midst of all this confusion, the Electricity Council is charged with co-ordinating the actions of these disparate bodies, without having any authority to enforce agreement.

The Plowden Committee's proposed solution which the last Government intended to implement was simply to make the Electricity Council the main statutory body responsible to government for the industry and to turn the CEGB and Area Boards into operating subsidiaries, responsible to the Council.

Such a reform would not necessarily have involved a major bureaucratic upheaval, comparable, say to the re-organisations of the local authorities or the health service, since it would not in itself change the industry's operating structure. Nor would it necessarily have increased the degree of centralisation in the industry. Indeed, it could have exposed the present monolith of the CEGB more directly to market pressures.

New structures

Obviously there are dangers in any attempt at industrial re-organisation and it is understandable that the present Government should be instinctively wary about establishing powerful new structures in the public sector. It could still propose an alternative to the Plowden proposals. However, experience must surely be teaching the Government that something more sophisticated than political gut-reactions is required in formulating a policy towards the nationalised industries.

OIL AND THE GULF WAR

The phoney energy crisis

By Ray Dafter, Energy Editor

SYMPATHISE with the oil industry executive as he pinches himself: there are the oil companies, preparing to meet peak winter demand with two of the world's most important exporters—Iran and Iraq—locked in battle, seemingly intent on destroying each other's oil installations.

Exports equivalent to over one-tenth of international trade have been brought to a virtual halt. At times even the Straits of Hormuz, the main oil artery of the West, have seemed threatened. Yet an air of calmness pervades the oil industry.

There are three main reasons for this:

● **Oil stocks** are at a record level—about 680m tonnes (5bn barrels) in non-Communist countries, enough to last for 106 days at current consumption levels. The International Energy Agency (IEA) said in Paris yesterday that stocks in its 21 member countries stood at about 500m tonnes; 460m tonnes on land, and 40m tonnes in tankers—above the amount normally carried at sea.

It was expected that in the fourth quarter of this year companies would have to draw about 55m tonnes from these stocks—about 10m tonnes to cover the normal seasonal shortfall in winter supplies and 45m tonnes to offset the drop in exports from Iran and Iraq. Even then, the 405m tonnes of stocks still available in IEA countries at the beginning of next year would be higher than the amount of oil in storage in January this year.

● **Low demand**, dampened by the dismal economic conditions in much of the West, has enabled oil companies to build up stocks in the past year. The industry estimates that third quarter oil consumption in non-Communist countries ran at about 47m barrels a day as against 49.3m b/d and 48.9m b/d in the same quarters of 1979 and 1978 respectively. Fourth quarter demand is not expected to rise much above 51m b/d, about 4.5 per cent below the levels in the corresponding periods of 1978 and 1979.

● **Spare production capacity** in a number of oil exporting countries provides a further buffer against panic measures, particularly as several members of the Organisation of Petroleum Exporting Countries (OPEC) seem willing to utilise some of this shut-in capacity. Reports this week in the Saudi Arabian newspaper Al-Riyadh that the Saudis, Kuwaitis and United Arab Emirates were to raise output by 3m b/d were well off the mark. But some substantial increase does appear to be on the cards, thanks to behind the scenes talks and exhortations involving, among others, Sheikh Ahmed Zaki Yamani, the Saudi Minister of Petroleum, and Mr. Tayeh Abdel Karim, Iraq's Oil Minister.

The giant Iranian oil refinery at Abadan on the Shatt-al-Arab. The waterway is at the centre of the war between Iran and Iraq which are among the world's two most important oil exporters. Both sides seem intent on destroying each other's oil installations. Abadan is now in bad shape. Smoke billows from the installation (right) after Iraqi air and artillery raids. Exports equivalent to over one tenth of international trade have been brought to a virtual halt . . . and yet an air of calm pervades the oil industry.

The present indication is that Saudi Arabia could add another 900,000 barrels a day to its already higher-than-average level of 9.5m b/d. Such a move, in line with the kingdom's past efforts to ease the West' oil supply problems, would bring its output very close to the installed capacity.

For the sake of internal politics Saudi Arabia is unlikely to be willing to be the sole provider of extra supplies; it must be looking for support from its Middle East neighbours. The United Arab Emirates might add 100,000 to 150,000 b/d to its present production level of 1.7m b/d. Unofficial reports suggest the Emirates are seeking technical assistance from the industry to do just that.

While Kuwait has appeared adamant in its insistence that it will not raise output, there is a way in which it could help out without appearing to go back on its word. Kuwait has set an average production level of 1.5m b/d but since the early summer its output has been running at nearer 1.3m-1.35m b/d. So, for the next few months at least, Kuwait could add perhaps 400,000 b/d to its recent production level and still achieve its 1.5m b/d average.

The supply signs are encouraging. The OPEC members which decided in September to reduce production levels by 10 per cent in order to reduce the then glut in supplies have already shelved this plan. And they still have considerable unused capacity which could be utilised.

Setting aside Iran and Iraq which were producing a combined total of around 5m b/d this summer, the 11 other members of OPEC are extracting oil at the rate of 22.3m b/d. According to the U.S. Central Intelligence Agency, these same 11 countries have a maximum sustainable production capacity of about 25.7m b/d.

The duration of the phoney energy crisis and the impact on consumers of the war which has reduced non-Communist oil production by almost 10 per cent are open to question and add an uncomfortable tension to the industry's outward show of calmness.

The strain is beginning to tell. The Japanese Government has told its oil traders not to buy high-priced cargoes of crude and products on the spot market. Oil companies are also taking their own individual action to switch supplies.

This action seems to be working, for there has not been the big leap in spot prices that characterised the 1973-74 and 1978-79 energy crises. Governments and oil companies want to keep it that way for they are concerned that a big rise in spot rates could trigger a panic movement in the oil market. The ultimate users of oil might become tempted to hoard. Worse still, some of the OPEC hawks—the North Africans in particular—might decide to take advantage of a rising market and trim their production levels.

Much depends on how soon the war can be ended and how quickly damage to vital oil installations can be repaired. The picture is far from clear. It might take a matter of months to bring back into operation damaged pipelines, pumping stations and some of the storage facilities. Repairing badly damaged oil loading terminals would probably be a bigger undertaking.

The industry is still awaiting official word about the extent of damage to refineries but there is general agreement that after prolonged Iraqi attack Iran's big Abadan refinery—one of the biggest in the world—must be in bad shape. Complete restoration could take several years. Indeed, Iran may decide to cut its losses and build a modern refinery more suited to its internal needs. Not only is much of Abadan very old by refinery standards—some units have been there 50 years—but it also produces too much fuel oil and too little of the lighter products required in Iran.

Although the state of oil supplies next year is still hazy, one lesson is clear. If the world is to withstand future oil shocks caused by political unrest in the Middle East it must ensure that it has a much greater buffer of spare production and storage capacity than it has been used to.

A severe blow to the future stability of OPEC

By Patrick Cockburn

THE WAR between Iran and Iraq has struck a severe, perhaps a crippling blow, at the limited solidarity of the oil producers.

The severity of the conflict now taking place in the oil fields north of the Gulf have made the Organisation of Petroleum Exporting Countries look increasingly irrelevant. For the first time in the Middle East countries are seeing their oil industries being demolished, their oil regions occupied.

During the past decade OPEC has benefited from war and revolution. OPEC has never been able to operate as a classic cartel by limiting production to secure higher prices. The two occasions when prices boomed in the 1970s were the direct consequence of the Arab-Israeli war in 1973 and the Iranian revolution in 1978.

Until the fall of the Shah, Iran was OPEC's largest exporter of oil after Saudi Arabia with Iraq in third place. For all the animosities between Baghdad and Tehran in 1974-75, when the two countries were on the brink of war because of the Shah's support for Iraq's rebel Kurds, both were still prepared to play by the rules of the OPEC game. The mutual benefits to both were too great to be cast aside.

Now, however, OPEC is an disarray. The meeting of oil ministers in London planned for later this month has been cancelled and it is unlikely that the Baghdad summit scheduled for early November will go ahead.

Even before the war Iran had shown by its spoiling tactics in Vienna earlier this month that politics, not oil, was uppermost in the minds of its leaders. The elaborate pricing plan painfully negotiated by Sheikh Ahmed Zaki Yamani, Saudi Arabia's Oil Minister, foundered in the face of Iranian resistance. The bonds of solidarity built up over the last decade have been broken.

Even Colonel Gaddafy's Libya, for all its radical rhetoric, has in the past grudgingly gone along with OPEC decisions: Ayatollah Khomeini, who has publicly implied that he considers oil wealth as something of a poisoned gift, has no such intention.

The war is all the more serious for OPEC because of its impact on Saudi Arabia. Its own high production and the cutbacks by other states such as Kuwait and Libya during the past few years have increased the proportion of OPEC oil that it produces.

By now increasing its production to 10.4m barrels a day out of some 24.5m b/d total OPEC production, 42 per cent of the total, in the fourth quarter of the year, the Saudis inevitably increase their influence among OPEC states still producing oil.

This gives Saudi Arabia overwhelming leverage within OPEC but how far is the Kingdom's leadership prepared to exercise this influence? The war has faced it with the unpleasant prospect of having to choose between the two most powerful states of the Gulf. A triumphant Iraq is only a shade more welcome in Riyadh than a victorious Iran.

The situation has now become so serious for the Saudis and the smaller Gulf oil producers that their attitudes within OPEC will be determined almost entirely by the political needs of their own survival. The states of the western Gulf have a combined population of less than 10m, Iran and Iraq together have 47m.

The future of OPEC is thus being determined by a war between its two most powerful members. Saudi Arabia seems certain to be a loser in the context of Gulf policies, whatever its oil production levels. Aware of its own military vulnerability this inclines the Saudi leadership to two divergent and contradictory policies. On the one hand the Saudis need to maintain their alliance with the U.S., a recent symbol of which was the request from Riyadh for AWACs surveillance aircraft. But having witnessed the fall of the Shah, the kingdom is by no means sure that its American insurance policy is sufficient security.

In the wake of the war now being fought, assuming that Iraq is not heavily defeated, the Saudis will have to listen even more carefully to Baghdad's views on oil production levels and prices. Given the extent of the damage to Iraq's economy, and its oil industry in particular, it could seek the maintenance of high prices and a cut in Saudi production levels. OPEC's careful plans, worked out during the past couple of years, to link the price of oil to the condition of the industrial economies as a whole, and thus to introduce greater predictability into price increases, have become largely irrelevant.

MEN AND MATTERS

Sailing into the Euro-court

"I am," mused Vosper chairman Sir John Rix yesterday, "always a supreme optimist." This asset should prove valuable as the company continues its uphill struggle against trading losses, book losses on nationalised asset compensation, and provisions which have halved its book net worth to £9.4m within a year.

This other, and less prosperous, JR, has finally decided after three years of bitter negotiations to accept £5.3m from the government in compensation for assets nationalised into British Shipbuilders. But Vosper has reserved the right, now manifestly an intention, of taking the government to the European Court of Human Rights to try to recover what Vosper regards as a more realistic sum—perhaps in the order of £30m.

Meanwhile, it has joined with the similarly aggrieved Vickers and Yarrow groups in the Campaign Against Government Compensation, run from the offices of Vosper's doughty PR Bryan Balls, which aims at persuading the Government to revise the compensation formula fixed under the 1977 nationalisation legislation.

In a fearsomely-worded opening salvo, the CAGC holds out its own misfortunes as the thin end of the wedge. In the face of a Conservative government apparently unwilling to reverse the trend, demands the CAGC, "what is to stop a future Labour government nationalising just about everything including your land and house without compensation?"

While—if the CAGC fails to find rapid satisfaction—Vosper looks like being the first to pack its bags with legal eagles and hop over to Strasbourg, similar sentiments resound in the Yarrow boardroom.

Vosper and Yarrow have been fighting much of the campaign in tandem. Vosper, itself a subsidiary of David Brown Holdings, owns almost a quarter of Yarrow. It seems very likely that Yarrow, with its annual accounts due shortly, will, as Vosper has, soon take the money on offer while continuing the fight.

Sir John Rix: asking for his money back

Close quotes

As it becomes more common for major foreign companies like IBM and Union Carbide to seek listings on the London Stock Exchange, their publicists must search ever harder for the "angle" which will hook Press and consequently investor interest. However, I suspect that Kleinwort Benson, joint sponsors of yesterday's London listing of Japanese electronic giant Toshiba, would have been just as happy had its Press lunch drawn less than the full house of newshounds.

For two weeks ago, Rank Organisation announced that it wanted out of its joint television manufacturing venture with Toshiba in the UK, with 2,700 jobs consequently threatened. Shiochi Saba, the new and mild-mannered Presbyterian president of Toshiba, found himself bombarded with questions not about the listing, but about the closure.

The journalists were asked within minutes to call a halt to the grilling on the joint venture. Hooting their disapproval, the brutes carried on regardless. Such was the sponsor's concern at this rather rude reception that my man, the mildest-mannered of inquisitors, felt a gentle tap on his departing shoulder. "You will," implored the Kleinwort man, "say something about the listing, won't you."

Rich harvest

Massey-Ferguson may be providing a Chrysler-sized headache for the Canadian Government just now, with its request for aid to help it avoid bankruptcy, but I can't help feeling that the problem is very much a family affair.

Toronto's financial community is so tight-knit that a company as old and large as Massey is well connected with all of those now pondering its future. Herb Gray, the Canadian Industry Minister, has just announced, for example, that the Government's representative in its negotiations on Massey will be Mr. John Abell, a vice-chairman of Wood Gundy, Canada's largest securities firm and investment banker.

Wood Gundy has for years been involved in the issue of securities for Massey and Mr. C. L. Gundy, Wood Gundy's president from 1948 to 1967, was also until 1978 a director of Massey. Wood Gundy was one of five Toronto firms involved in the plan to issue new equity in Massey last year and its analyst on the farm machinery sector is one of the many in Toronto who have been sworn to silence about Massey as a result of their firm's involvement in the company.

Much the same can be said of the Canadian Imperial Bank of Commerce, Massey's lead bank, which is owed at least $300m by the ailing tractor maker. Mr. Albert Thornborough, head of Massey for many years, has also been a director of the bank for many years.

Last but not least, Mr. Conrad Black, the young lion who, as head of the Argus Corporation and until June chairman of Massey, has done much to try to save Massey-Ferguson, is also a bank director.

Ship shop

The City of London's brightest and best will be hard at work next week regaling an audience of their Italian opposite numbers with the attractions of Britain's financial services. The venue is no less a place than the Royal Yacht Britannia, conveniently in Naples harbour during the Queen's visit to Italy. Such a splendid backdrop will no doubt add eloquence to the sales talk of former Bank of England governor Lord O'Brien, and British Export Houses Association chairman Sir Anthony Tuke. The event is jointly sponsored by the Committee on Invisible Exports and the British Overseas Trade Board. For the committee men, it is part of a series taking them also to Athens, Bogota and Peking. Their wares no doubt speak for themselves. But I suspect the Committee has a hard job to provide an intelligible translations of its title.

Last exit

I am indebted to a Civil and Public Services Association mole within the New Forest offices of the DHSS for the following nugget from a death grant claim: "Dear Sir, I am filling this form in to claim as my husband died before he was able to do so."

Observer

ECONOMIC VIEWPOINT / SAMUEL BRITTAN

Why public spending soars

THERE IS no doubt that public spending is soaring as a proportion of the National Product in the first full year of a Conservative Government.

The last Public Expenditure White Paper forecast a fall of ½ per cent in public expenditure this financial year in so called volume terms. Whatever happens to this target, there is clearly a very large increase in public expenditure in terms of actual spending at current market prices.

Full figures are only available for the *first quarter* of the calendar year 1980. They show an increase of 20 per cent over the same period a year before. Figures confined to Central Government expenditure, somewhat narrowly defined, for the five months from April to August inclusive, show a rise of 26 per cent. Thus the best guess one can make is a total increase in public spending in calendar 1980 of somewhere between 20 and 26 per cent.

This is much higher than the increase in total National Income and Expenditure on almost any conceivable estimate. In 1979 public expenditure was 41 per cent of the Gross Domestic Product at market prices. It is difficult to see the ratio coming out at much less than 44 per cent for 1980; and it could be more.

All this seems a far cry from the Government's professed aim of bringing about a gradual reduction in the public spending ratio so that it reaches 40 per cent by 1983-84. It also seems to confirm the complaints which one hears at any meeting with business or City personalities that all the weight of the Government's anti-inflation programme is being felt by the private sector.

But before going on a "trip" about the wicked excesses of this wildly pro-public sector Thatcher administration, it pays to take a second look. If one moves away from the national statistics to the news columns *dealing with public services*, one comes across endless references to hospitals being held back by cash stringencies, residential homes being under threat, libraries having to be curtailed *and so on.*

Even if much of this is wildly exaggerated, the Government hardly looks as if it is on a public spending spree. So far at least extra items such as the payments to British Steel have come out of the contingency reserve. The spending ministers do not appear to be carrying out more than a defensive action in favour of their special interest groups.

The reconciliation between the expenditure excesses in general, and the stringencies reported in particular services, is, in part, the obvious one. Because of Clegg, civil service pay research and other mis-guided comparability exercises, public sector wages have risen much faster than private sector ones.

This, together with the over *spending of the local authorities*, goes a long way towards explaining the combination of national profligacy and stringency *in providing for public* needs. Fewer services are being provided by a better paid body of public service workers largely protected against redundancies.

There is, however, a little more to say. For I doubt if the application of the most stringent cash limits, providing for single figure wage bill increases, will bring about an *overnight reduction in the pub*lic spending ratio.

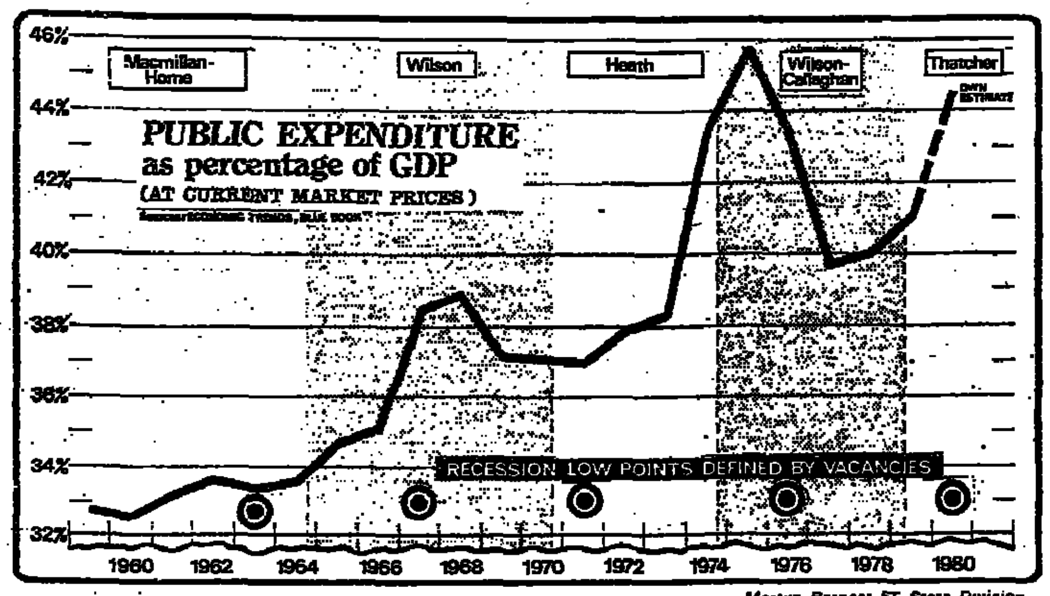
The accompanying chart suggests that the public spending ratio usually rises in recessions. The ratio could stay high next year without necessarily signifying that the end of the world has come or that public spending is out of control.

The ratio rises in recessions because the GDP, which is its denominator, falls in real terms, and therefore rises in money terms by less than the rate of inflation. In addition, some parts of public expenditure *automatically expand* in a recession. This applies not only to obvious items such as social security benefits, but also to *the deficits of loss making* nationalised industries.

The rule cannot however be mechanically applied, as each recession is somewhat different.

The 1971-72 recession led to a rise in the public spending ratio, which was arranged during the famous U-turn of the period, but did not take effect until well into the next upswing, when it aggravated all the other inflationary forces. This is a little matter of timing which all the Tory "wets," in their moaning, for a change of course, naturally overlook. The delayed anti-recession boost became caught up with the utter loss of control during the horrendous year of 1974 with its two elections.

This was then reduced as part of a courageous effort by Mr. Denis Healey and Mr. Joel Barnett. But I do not suppose that the ex-Chancellor—who for all his many faults, is head and shoulders above every other contender for the Labour leadership—will want to proclaim that until the contest is out of the way.



Martyn Barnes: FT Stats Division

Falling inflation has many foes

BOTH THE WORLD and the British rates of inflation are falling rapidly. The London Business School in its new World Outlook estimates that the average *annual* weighted rise in consumer prices in industrial countries has fallen from a peak of 13½ per cent at the beginning of this year to about 11 per cent.

It forecasts an inflation rate well down into single figures early next year, edging down to about 6 per cent *in the course of the year.* Wholesale price inflation is expected to be down to the 4 to 5 per cent range next year, and non-oil commodity prices are shown actually dropping *by* nearly 5 per cent.

One can be more confident of these forecasts than of forecasts in general because they *follow* from developments already in the pipeline. Of course all bets are off if the Middle East conflagration spreads and leads to panic oil or general commodity stock buying.

In the UK both import and raw material prices have been virtually flat since last February; and wholesale and retail prices have been rising *by less than 1 per cent* a month since April. The year-on-year RPI increase of 16.3 per cent is already below the official forecast. Further major falls in the year to year comparison *will* be delayed, both because of the spate of price increases of nationalised monopolies, and because comparisons are with the last few months of *1979*, when RPI increases were temporarily low. But I would take a bet on single digit inflation next spring.

How about the "real world economy?" Although the U.S. is recovering from a short but sharp recession, output is down in Germany and France *as well as in the* UK. The LBS estimates that the world recession will not reach bottom until the first quarter of next year when world industrial production will be down by nearly 6 per cent. After that, it expects a recovery with world industrial production rising by 1982 at the above-trend rate of 6 per cent.

But does the immediately *depressed outlook suggest* that Governments should shift their priorities from countering inflation to stimulating output? Those who argue this way have learned nothing from the *alternation of go-stop* policies in the last few decades.

The drop in world output on LBS estimates is about half that of the 1974-75 recession. The main reason for the more moderate impact is that wage earners outside the UK have not attempted to recoup higher energy rises in pay increases. Financial policies in areas where the Bank of England does not rule have not been "deflationary," but simply stable. The broadly defined world money supply has continued to rise by about 10 to 11 per cent per annum but with no accommodation for cost push arising from oil prices or any other source.

Against such a background it has been rising world inflation which has brought about recession, and falling world inflation which will be the *main force for recovery. Paul* Volcker, chairman of the U.S. Fed, *is fighting* the battle of the ordinary man in sticking to his monetary guidelines—which he has observed quite *well over a whole year period* —against the demagogic charge that he is "aborting recovery" by allowing interest rates to rise. There will be similar battles in Britain, when, as *is likely* there is a shift to a more volatile interest rate system with more emphasis on the monetary aggregates.

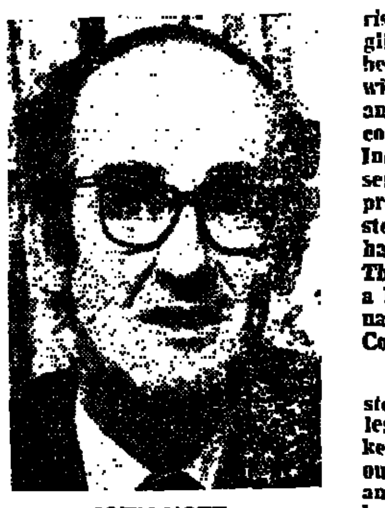
We can have a stable average price level only if some prices fall to offset others which are bound to rise. *I offer this blinding* glimpse of the obvious because of the many groups with a vested interest against any price ever falling. Viscount Davignon, the EEC Industry Commissioner, is all set to establish mandatory production quotas to maintain steel prices. Only the Germans have been trying to stop him. The *slogan* '*all the wets love a lord*' seems to apply internationally as well as to British Conservatives.

Although Davignon and the *steel masters talk of stability*, less steel is sold if prices are kept up. So the effect on output, as distinct from profit and loss is destabilising. The broader effect of course is to slow down both the fall in the inflation rate and to retard recovery.

Similar effects follow, for instance, from the new restrictions *imposed on imports of* sportswear, dresses and skirts from Thailand by the Commission at the behest of Britain. It is sad to see a once great country brought to its knees by *tracksuits from* the paddy fields. A new study by the Trade Policy Research Group quotes estimates of "15 to 25 per cent for the internal transfer price of an export *quota* inside Hong Kong." This is a rough measure of the higher prices paid by European consumers for the items in question.

Downward pressure on prices is desirable, not only for its own sake and its effect on wages, but as the key to economic recovery. If we had economic radicals worthy of the name they would be denouncing Sir Keith Joseph and Mr. John Nott for being too protectionist and too kind to price fixing—the precise opposite of the attacks now being made by Ministers by business and union interests and their unthinking supporters in the media.

VISCOUNT DAVIGNON: moves to cut steel output



JOHN NOTT: too kind to protectionists

Letters to the Editor

Reduction of margins

From Mr. W. Hobhouse

Sir,—Your series of articles on *wrestling with inflation coin*cides with the political party conferences.

Of the reasons given for current problems common to many industries has been the effects of high interest rates, the strong pound and inflation. The first two positive Tory policies are designed to combat the third. Since the statistics show a slowdown in the inflation rate, these policies are likely to be continued

But the raw statistics disguise a factor of enormous significance for industry. Lower wage demands and cheaper imports have certainly had their effect, but they represent only part of the picture. I believe that much of the reduced inflation rate is due to a reduction of *margins. Suppliers are pre*pared to accept a contribution to overheads rather than a satisfactory net margin. This allows short term survival for the duration of the recession.

Monetarists, however, have interpreted the reduced inflation as a pointer to the efficacy of their policies. It must be impressed on the Government that there is a great deal more at issue.

W. Hobhouse.
Pizza Range,
Portemarsh Road,
Calne, Wilts.

The rating system

From Mr. D. Liss

Sir,—It is now more than six years since I pointed out the absurdity of the domestic rating system, under which a widowed lady with an income which *I estimated* at between one-tenth and one-sixth of what my wife and I were earning, was assessed to the same amount as I, who was going to live next door to her.

The system remains unchanged so that the half (or less) of those wage and salary earners and other income tax payers who pay domestic rates still subsidises the other half. Sir Horace Cutler's suggestions (October 6) make good sense but would take many years to implement. No one has, I think, succeeded in explaining why that declining part of local authority expenditure which is not funded by central government cannot be paid for out of a charge to income tax, which would embrace virtually everyone in a position to pay, except a few foreigners.

What has changed is that many local authorities have got more and more heavily into debt. The *London Borough of* Hounslow—1980 rates rise 41 per cent—early this year admitted to spending some £500,000 on refurbishing 14 empty houses, some of which it had owned since 1970. (The firm which was doing the work went into liquidation last month.) When the LBH was challenged in the local paper to *say how many other* untenanted deteriorating houses it owns it did not bother to reply, and no one protested, in the council or otherwise.

We should now re-examine the value and the cost of "*local* democracy." I have little doubt that opinion polls or a referendum would produce a large vote in favour of the proposition that spending powers should be taken away from town halls.

David Liss.
28, Airedale Avenue,
Chiswick, W4.

Milk on the doorstep

From the Senior Researcher,
Consumers' Association.

Sir,—The president of the Dairy Trade Federation (October 6) claims that the figures published in the October issue of Which? showing Britain's milk to be the most expensive in Europe, are "inaccurate and misleading."

To support this view he first points out (correctly) that the UK price of milk includes a delivery charge, with the implication that we are not comparing like with like. Not so: *our report made quite clear* that only the UK, Ireland and the Netherlands have a significant level of doorstep delivery; we also noted the additional delivery charge of 10½p a pint *in parts of Ireland* and, *in* giving prices for the Netherlands, we included the price of delivered milk as well as that sold in the shops. (Ironically, had we included UK shop prices, the UK would have emerged as even *further* out of line, since these are in most cases higher than the delivered price!)

Mr. Horsley cites in the trade's defence the fact that milk in the UK is sold in its "natural" state, whereas Continental milk has had some of the fat removed. In fact, the average fat content of (silver top) UK milk is about 3.8 per cent, whereas most Continental milk is standardised at 3.5 per cent.

It is hard to believe that this fact alone is responsible for the price differential between British and European milk.

Marion Cooper:
14, Buckingham Street, WC2.

Local authority efficiency

From Mr. P. Gutcher.

Sir, — Mr. Stutz (October *3*) is right to consider together the need for efficiency in private companies as well as in local authorities, and his point that the *enthusiastic* support of management is a prerequisite for success must be emphasised in local authorities.

A difficulty at present is that central policies are providing no real motivation for an increase in efficiency at the local level.

Generally, policies have been to manipulate the economy *across* the board and particularly to reduce the resources provided by central government to local authorities.

The result has been to produce a mixture of efficiencies and cuts *in service (either* against current levels or planned levels of expenditure) in authorities which would have produced these efficiencies anyway. In other authorities the result has simply been cuts in service. I suspect that the parallel discussed by Mr. Stutz with the private sector again applies and similar reactions *have* occurred there.

Apart from the social reasons for this reaction, it is also a relatively logical reaction for an individual council to concentrate on cuts when reductions in resource requirements via efficiency will often cost less initially and are likely to be small in comparison with other *measures, especially in the short* term — and how many authorities look further than that, following the recent destructions of medium- and long-term plans?

The solution must lie in motivation of individuals; but is it possible for central government to adopt such intangible policies with unquantifiable results?

Phil Gutcher.
7, Fair Isle Drive,
Nuneaton, Warks.

The lag between money & prices

From Professor Ian Steedman.

Sir,—In July, 1975, Professor M. Parkin wrote that in the UK "there is a strong correlation between the *rate of monetary* expansion and the rate of inflation some ten to 12 quarters later" (page 9). More recently Professor M. Friedman has stated that "For the U.S., the *UK and Japan, the lag between* . . . the change in monetary growth and inflation (is) roughly two years. Of course, the effects are spread out, not concentrated at the indicated point of time."

Yet on October 2 Samuel Brittan felt able to assert that "The supposedly rigid 18-24 months' lag between money and prices is a pure man of straw invented for guying purposes by the opponents of monetary control." Are we to interpret all three statements rather loosely, or is Brittan re-writing history —in an article entitled *History is far from bunk?*

(Professor) Ian Steedman,
University of Manchester,
Manchester.

Samuel Brittan writes:

As an advocate of the monetary approach to inflation for more than a decade, I have never put any weight on the two year lag. Nor have many other writers sharing this approach. Professor Friedman's own wording shows that the link is anything but rigid, even for those who use it.

Lancashire hot pot

From Mr. R. Pearce

Sir,—It is no wonder the *Merseyside County Council finds* it difficult to get itself accepted by its residents (October 3), as from the outset of the creation of the county in 1974 the odds were against it.

Looking at one of its constituent members Sefton metropolitan district council will illustrate the problem. Sefton itself is a tiny village in the country yet the MDC named after it is made up of the three old boroughs of Southport, Bootle and Crosby plus Formby Urban District Council, Litherland UDC and parts of West *Lancashire Rural District Coun*cil. I believe, however, as a former resident of Crosby, that the county allegience the people feel is to Lancashire.

The county cricket team plays at Liverpool and Southport. The Lancashire county rugby team plays at Blundellsand, near Crosby. The fact is that if politicians draw new boundaries on maps they cannot expect residents to accept the new changes overnight and it is going to be a good many years before the new boundaries and names are accepted.

R. J. Pearce.
5, Marlborough Road,
Castle Bromwich, Birmingham.

Private rent sector

From the Press Officer,
Small Landlords Association.

Sir, — Present Government policy over the private rented sector is one of weakness and drift. Contrived stop-gap measures, like the shorthold, patently will not work as we warned at the outset.

Perhaps when the Conservative Party conference debates homes and land we shall learn why the Government lacks the will and courage to undertake fundamental reform.

One excuse has been that it is pointless to do anything because the Labour Party will simply reverse the legislation. Could anything be more negative and defeatist?

The case for reform is overwhelming. The Government should not shrink from undertaking it.

G. F. Cutting.
7, Rosedene Avenue,
Streatham, SW16.

Car excise licence

From Mr. T. Whittle

Sir,—May I applaud the sug*gestion of* Mr. K. Crabtree (October 7). The MoT test certificate ought by law to be displayed on the car and could become a circular disc to replace the excise licence, itself super*seded* by increasing the fuel tax. The test could embrace evidence of valid insurance and a carbon copy could go annually to the licensing office at Swansea to verify ownership, roadworthyness and insurance of the car.

An unlicensed car enables its owner to evade tax but without a valid MoT certificate it could be a positive menace to the driver and to other road users. *All cars used on the road should* display evidence of annual testing, subject to instant fixed penalty.

Thomas E. Whittle.
19, Kildoon Drive,
Maybole, Ayrshire.

Buy the flag

From the Chief Commercial
Officer, Norweb Electricity

Sir,—I am pleased to see from your report (September 30) that the value of imported *appliances* shows a decline.

Norweb Electricity has long believed that a stable UK domestic appliance manufacturing base is essential and has maintained a high level of profitable sales while still obtaining over 90 per cent of its goods from British manufacturers.

Some importing is essential, *but chasing the cheapest product* wherever it has come from, has been very damaging to British industry and employment.

We may now be turning this particular corner, and I hope that all retailers will continue to take and sell more British goods—not in order to give our manufacturers a soft option but rather to offer them a fair chance.

R. D. Flanders.
Cheetwood Road, Manchester.

Today's Events

GENERAL

UK: Conservative Party conference continues, Brighton.

National Union of Mineworkers' executive meets, London.

General Sir Peter Hunt installed as Constable of the Tower of London.

Dr Richard Totterman, Finnish Ambassador, attends Chipboard Association dinner, Royal Garden Hotel, SW1.

English House exhibition (development of domestic architecture 1860-1914) opens, Building Centre, WC1 (until October 30).

Overseas: Winner of the 1980 Nobel Prize for Literature announced, Stockholm.

The Dalai Lama, exiled Tibetan leader, meets Pope John Paul II at the Vatican.

Princess Anne visits Fiji.

Financial Times conference on Spain and the Common Market —policy and alternatives, final day, Madrid.

Burcharest international trade fair opens (until October 18).

PARLIAMENTARY BUSINESS

House of Lords: Local Government (Planning and Land) Number 2 Bill, committee continues.

OFFICIAL STATISTICS

Central Government transactions (including borrowing requirement) for September.

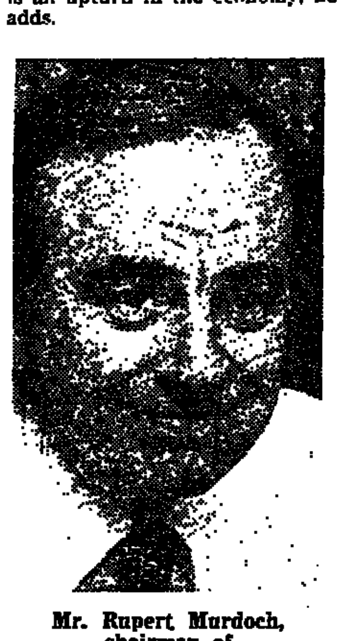
COMPANY MEETINGS

Brasway, Penns Hall Hotel, Penns Lane, Walmley, Sutton Coldfield, 2.30. Centreway Trust, The Grand Hotel, Colmore Row, Birmingham, 11.30. Crossfriars Trust, 8, Crosby Square, EC, 11. Denbyware, Langley Mill, Nottingham, 12. Dixons Photographic, 116, Pall Mall, SW, 12. Evans and Owen, Albion Chambers, Small Street, Bristol, 9. A. and J. Geifer, North British Hotel, George Square, Glasgow, 11. Hampton Trust, 116, Pall Mall, SW, 12. Herrburger Brooks, Meadow Lane, Long Eaton, Nottingham, 12. J. Jarvis, 239, Vauxhall Bridge Road, SW, 11. Jones Stroud, The Albany Hotel, Nottingham, 11.55. Malaysia Rubber, 1-4, Great Tower Street, EC, 12. Manson Finance, Grosvenor House Hotel, Park Lane, W, 12. Reliance Knitwear, Ryburne Mill, Hanson Lane, Halifax, 12. A. J. Worthington, Portland Mill, Leek, Staffs., 11.

£1m rise midway at News Intl.

AFTER A recovery from losses of £1.29m to profits of £306,000 in the share of associates' results, News International has lifted its first half 1980 taxable surplus by £1m to £13.21m.

The recession is affecting all divisions, particularly the paper-making industry, says Mr. Rupert Murdoch, chairman. But given happier industrial relations, the group is in a strong position to recover when there is an upturn in the economy, he adds.



Mr. Rupert Murdoch, chairman of News International

The net interim dividend is 2.4583p and compares with an equivalent 1.5p last year, prior to the capital reorganisation. An adjusted final of 1.5p was also paid in 1979, when pre-tax profits rose to £27.97m (£24.93m).

The interim payment represents the sterling value of the forecast 5 cent final proposed by the directors of the Australian parent company, News Corporation, for the year to June 30, 1980.

Turnover of the newspaper publishing, printing and paper-making group expanded from £98.48m to £114.15m in the first half.

The turnround from losses to profits in associated companies reflects the changing fortunes of the New York Post, say the directors.

The group dismissed suggestions that it was considering launching a new London evening newspaper, stating that it had no plans and no capacity anyway for such a move.

Lex, Back Page

HIGHLIGHTS

Lex briefly considers the Bank of England's decision to roll over gilt edged sale and repurchase agreements again and the implications for interest rates. News International has produced results rather better than forecast and Lex looks at the low value the market puts on the new special dividend shares. There was a shock dividend omission by Rockware yesterday despite a reasonable first-half set of figures. The board says that the company will not be profitable in the second half. Elsewhere Empire Stores continues the series of poor results from the mail order sector and the possibilities for the second half do not look encouraging. On the inside pages retail group Harris Queensway has been hit by losses from its entry into the DIY market, while the latest results from Vosper do not make for happy reading.

Empire Stores down £1m and will finish 'well below' 1979/80

AFTER FAILING to meet planned sales targets, Empire Stores (Bradford) has seen its first-half pre-tax profits cut by more than £1m compared with the corresponding period last year.

The directors of the group, which is engaged in mail order business, say it is already clear that the full year's profits will be well below the £9.12m returned last year and, based on the first few weeks of the second half, there is unlikely to be any increase in sales either.

The taxable surplus for the 28 weeks to August 9, 1980, fell from £3.49m to £2.32m. As the directors forecast in April, a substantial unexpected increase in postal charges has had an adverse effect—the unrecovered amount is of the order of £0.5m, they now say.

The decline in profit also reflects the continuing high interest rates, with interest charges up from £305,000 to £689,000, and the considerable effect of inflation on general costs.

But the most worrying feature, say the directors, has been the impact of the recession. Sales rose only 11 per cent to £71.1m (£63.78m) against a planned increase of 20 per cent and the effect on profit has been immediate. Many areas of cost are committed and are beyond change, they point out, and are simply not recoverable by the lower level of sales.

First-half earnings, after tax of £1.21m (£1.81m), are down from a stated 5.13p to 3.42p per 25p share. The interim dividend is held at 2.4p—last year's final was £2.7p.

The directors say they remain confident of the future of the company although trading results for the current year and possibly next year will be affected by economic conditions.

Price increases by suppliers have moderated markedly and they do not anticipate major price rises for the 1981 spring/summer catalogue.

Although cost control is of paramount importance in the present economic environment they believe it is also right to continue with the policy of preparation and investment for the future. The extension of loading bay and bulk storage facilities continues, as does steady recruitment of agents and a gradual increase in the size of the catalogue.

Lex, Back Page

Newcomer Amstrad shows 50% increase at year-end

A JUMP of 50 per cent from £908,311 to £1.36m in pre-tax profits is reported by Amstrad Consumer Electronics for the year to June 30, 1980. Turnover improved by 56 per cent from £5.6m to £8.76m. These are the first set of results since the company went public in April.

The dividend will be 2p net, as forecast, and absorbs £66,907.

Mr. Alan Sugar, the chairman, says the opening months of the current year have been encouraging, and he looks forward with every confidence.

There was a tax charge of £303,000 against a credit of £168,000, and this was incurred as a result of the company's decision to reduce stock levels in certain product areas. Stated earnings per 25p share are 14.6p (9.7p) before tax and extraordinary item, and 11.3p (11.5p) after tax and before extraordinary item.

The extraordinary item—the cost of flotation—amounted to £183,767.

This London-based company specialises in the design, manufacture and marketing of in-car entertainment products, hi-fi equipment, clock radios, cassette players

Vosper to fight compensation offer

RESULTS OF Vosper, naval shipbuilding group, for the six months to April 30, 1980 show pre-tax profits down from £995,981 to £375,044 but at the trading and attributable levels, the group incurred losses of £669,754 and £557,437 respectively.

However, the results are overshadowed by criticisms by Sir John Rix, chairman, of the £5.3m compensation being offered by the Government following nationalisation of the group's British shipyard, three years ago.

In a strongly-worded letter to shareholders, Sir John says acceptance of the offer follows advice that any award from the Arbitration Tribunal is unlikely to exceed the Government's offer and could be less.

"We are advised that acceptance of the Government's offer will not prejudice our right to make a claim against the Government under the European Convention on Human Rights."

As a result of the acceptance of he compensation offer together with a £3.5m provision in respect of the investment in Vosper Hovermarine and the attributable loss now reported, the group's share capital and reserves at April 30 this year are some £9.4m compared with £18.7m at October 31 last year.

The chairman says the group continues to trade much below capacity, but both Vosper Private and Vosper Hovermarine have recently secured significant contracts, which will improve the situation in due course and both companies are currently negotiating further contracts of substance.

In view of the current trading situation of the group, the directors are not recommending the payment of an interim dividend and are not able, at this stage, to make any forecast with regard to a dividend for the year.

In 1978-79, the group paid a total dividend of 4.6p including a 2.6p interim. Profits at the year-end amounted to £1.35m.

Pre-tax profit in the half year includes investment income of £1.38m against £153,518 last year.

The investment income includes £1.2m of interest receivable on the additional Government stock to be issued to Vosper as a further payment of compensation for its nationalised interests and is for the period July 1, 1977 to April 30, this year.

The amount of this interest which relates to current six-month period is £0.2m.

The Government will shortly make a further issue to the company of Government stock to the value of £3.95m and will pay the interest accrued on the stock since July 1, 1977.

The Board intends to use the funds received to reduce borrowings and to finance any acquisitions and developments of existing companies which Board may recommend as in the interests of the group.

Following the acquisition of Vosper Hovermarine with effect from January 1, 1980, the Board of Vosper, having taken legal advice, is of the opinion that there have been serious breaches of the warranties and indemnities given by Hovermarine Corpn. to Vosper in the purchase and sale agreement.

A claim against Hovermarine Corpn. has recently been made by Vosper. Hovermarine Corpn. charged its remaining 49 per cent of the ordinary in Vosper Hovermarine as security for its liability under the agreement and therefore, if the claim is successful, Vosper may acquire further shares in Vosper Hovermarine as a result of enforcing that security.

The directors expect that the total cost of the acquisition/including the effect of implementing the group's accounting policies relating to development expenditure, will substantially exceed the book value of the net assets acquired.

The new technology now available for the construction of surface effect ships, which continues to be supported by the National Research Development Corporation, together with the increasing international acceptance of these craft give the Board confidence that, following reorganisation of the company, Vosper Hovermarine will make a valuable contribution to the group in the medium term.

	Six months 1980 £	1979 £
Turnover	3,408,229	7,475,430
Trading loss	669,754	*951,092
Depreciation	131,731	107,453
Interest payable	210,640	1,176
Invest income	1,376,762	153,518
Associate	10,407	—
Profit before tax	375,044	995,981
Tax	360,000	417,303
Net profit	15,044	578,678
Reval. of invests.	797,813	458,016
Profit sale proply.	246,450	—
Loss sale invests.	21,118	—
Provision†	—	200,000
Attributable loss	557,437	*836,694

* Profit. † For future losses and reorganisation costs in associate.

● comment

While strenuously arguing with the Government about compensation for its nationalised shipyards, Vosper has continued trading on two fronts—Vosper Hovermarine, developing and building a range of surface effect ships and Vosper Private, building more conventional craft in Singapore. Both sides have generated trading losses. Almost certainly, the Singapore operation is responsible for the greater part of this loss—group turnover is down 55 per cent on last year's first half even though Hovermarine is perhaps losing more than was expected on acquisition. Interest (on the compensation payment) is particularly opportune as it is the major source of revenue in a period for which there is an attributable loss and no interim dividend. Net assets are halved (by writing-off the nationalised assets, providing for the costs of absorbing Hovermarine is included for four months this time—but Hovermarine current loss) to around 165p per share against yesterday's price of 79p (down 16p on the day). Whatever it may achieve in Strasbourg, Vosper has an uncomfortable wait until the present strengthening of orders books in its two businesses begins to surface as profit—maybe not significantly in the short to medium term.

F. Austin falls into the red

FOLLOWING A serious fall in demand for its products furniture maker F. Austin (Leyton) plunged into the red in the 12 months to end-June, 1980.

With turnover almost £1m lower at £8.37m the company reports a taxable loss for the period of £664,000, compared with a surplus of £490,000 a year earlier.

The final dividend is being omitted (0.6p) leaving the total for the year at 0.183p net against 0.783p.

When announcing interim profits down from £302,000 to £141,000 the chairman indicated that demand for furniture was falling.

The directors now say that the depression rapidly escalated in the last quarter of the year to an extent never experienced in the company's history. This, they say, seriously affected the results.

They warn that the recession has continued in the first quarter of the current year although they have every confidence that measures they are taking will place the company in a strong position to meet the up-turn in trade when the national economy shows signs of improving.

The company's bankers, the directors add, are giving full support in dealing with the interim problems.

Rockware improves but no interim

AN IMPROVEMENT in pre-tax profits from £1.2m to £3.52m for the first half of 1980 is reported by the Rockware Group but the board warns that the group will not trade profitably in the second half.

In these circumstances, no interim dividend is being declared. The directors remind shareholders that in comparing the results, the group, in particular the glass container division, suffered severely from the effects of the road haulage strike last year.

Dividends in 1979 totalled 6.65p including a 2.33p interim. Profits at the end of the year were down from £7.02m to £5.18m.

The directors announced in August the closure of some capacity and this, will cause redundancies for about 1,000 staff and hourly-paid during 1980 and into 1981.

Severance payments will affect second half results by an estimated £3m with the continuing high rate of interest and inflation also taking their toll on pre-tax profits.

With the recession still currently deepening, every care is being taken to preserve the business in its most effective shape to benefit fully from increased demand when it returns, the board adds.

During the current year, the glass division has been adversely affected by heavy destocking by its customers, particularly in the wines and spirits industries, and by the general recession of trade in most of the segments which it serves.

In the plastics division, the bottle factories in the UK had difficulty in maintaining turnover because of similar destocking and recessional problems. In spite of this, it produced relatively good profits.

The Alida group, which manufactures plastics film and bags, suffered from destocking earlier than the other companies in the plastics division.

The engineering division has done well while the international division had a good half year with Rockware International's technical consultancy work at a much higher level than in 1979.

Since the year end, directors have arranged medium-term loans with bankers amounting to £10m. These loans replaced previous overdraft facilities, but they are also required to fund capital expenditure and increased working capital needs.

	28 weeks 1980 £000s	1979 £000s
Turnover:*		
Glass	56,200	46,132
Plastics	27,394	11,358
Engineering	2,171	1,838
Total	85,765	59,318
Operating profit:		
Glass†	4,663	1,484
Plastics	1,053	982
Engineering	284	164
Total	6,000	2,302
Redundancies	60	250
Interest received	4	13
Interest charges	2,551	973
Associate's profit	119	116
Profit before tax	3,522	1,202
Tax	62	284
Net profit	3,460	918
Exchange loss	222	—
Minorities	62	99
Extraord. debit	—	108
Preference dividend	16	36
Attributable ord.	3,160	881
Earnings per share	14.33p	3.84p

* Excludes inter-company sales £3.53m (£3.14m). † Including parent.

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Receiver appointed to Peak Investments

A receiver has been appointed to Peak Investments, the caravan chassis and property investment group, which has notched up pre-tax losses of some £450,000 over the past 2½ years.

Peat Marwick Mitchell and Co. have been appointed receiver and manager by Barclays Bank "following heavy losses by the chassis manufacturing subsidiary as a result of the recession in the caravan industry."

Although the company continues to trade while the receiver, Mr. John Dixon, reviews the position, until the position is clarified the directors called a halt to dealings in the company's shares yesterday. At the suspension price of 5½p the company is valued at £420,000.

Peat Marwick said yesterday that they were in the process of "investigaing the affairs of the company." They considered it to be "in the best interests of all parties" to keep the company trading.

Peak—based in Stockport, Cheshire—has shown an erratic profit record since going public in 1968. After record profits in 1971-72 of £253,000 the group declined into losses in 1973-74 with a deficit of £27,000. Profits were made in the following three years but in 1977-78 there was again a loss (£46,000) and this increased to £207,000 in the following year.

Last May, reporting an interim loss of £196,000 for the first half of 1979-80, the directors warned that losses had continued into the second half. They told shareholders that the steel strike combined with a severe recession in the caravan industry had badly affected turnover and losses had continued throughout the period.

During the second half the group sold some properties to reduce borrowings and provide additional working capital. At May 31, 1979, the group had overdrafts of £717,000 and a secured long-term loan of £650,000.

Early last year the group disposed of its profitable electronics section of the business to Nissa, an Irish company in which the Peak chairman, Mr. John Finch owned 56 per cent and Mr. John Bloice, managing director of Peak Electronics, held 14 per cent. The electronics business produced profits of £108,000 in 1977-78 and £89,944 in the following year.

Proceeds of the sale realised IR£650,000, but indebtedness of £296,415 remained with Peak. Mr. Finch said at the time that the sale would give the company a much needed cash injection.

In March this year Peak announced that it had started legal proceedings for recovery of the balance of the proceeds due from the sale. Under the sale agreement the sum of IR£100,000 was payable to Peak on or before February 7. Peak claimed that only IR£35,000 had been paid.

ISSUE NEWS

Trading in Natomas shares starts today

Trading begins this morning on the Stock Exchange in the 54.9m shares of Natomas, a U.S. natural resources and transportation company.

The company's revenues and profits come mainly from petroleum production in Indonesia and from the operation of a Pacific Ocean shipping line.

Other interests include petroleum production and marketing in North America, geothermal generation of electric power, and coal mining. It also has a 14 per cent interest in the Buchan field in the North Sea.

Last year, the company had net income of $110.8m or $2.78 a share on revenues of $1bn. Mr. Dorman Commons, president, yesterday repeated his estimate that the company's net income this year should exceed $200m or $4.10 a share. Brokers to the issue, Rowe and Pitman, estimated the company's 1980 earnings would be $4.60 a share.

The company was seeking a London listing partly as a result of requests from European shareholders, Mr. Commons said, although he could not estimate what portion of the company's shares was held in Europe.

In the first half of 1980, the company's operating profit was $119.5m of which $73.4m came from foreign oil production, $21.4m from transportation and $10.5m from petroleum production in North America.

Mr. Commons said the company intends to make major investments in the next few years in coal mining projects in the U.S., in anticipation of a big increase in demand both there and abroad.

The Natomas listing was arranged by S. G. Warburg and Company.

QUEENS MOAT

Queens Moat Houses announces that the recent rights issue of convertible unsecured loan stock has been taken up as to 88.01 per cent.

Toshiba is granted listing on Exchange

Toshiba, the large Japanese electric and electronic products group, has been granted a listing on the Stock Exchange, and trading in the 2.17bn shares is to begin this morning.

Toshiba manufactures consumer electronic and electrical products, heavy electrical equipment and industrial and medical electronic products.

In the year ended March 31, 1980, net sales amounted to Y1.9bn (£3.5bn) and consolidated net income was Y45.3bn (£84m). Shareholders' equity at the year-end was £437m and the company employed approximately 98,000 people.

The company has 75 factories in Japan and 23 overseas manufacturing subsidiaries and joint ventures. Overseas and export sales represented 22 per cent of consolidated net sales in 1979-1980.

Mr. Kazuo Iwata, chairman, said the company sought a London listing because of the city's importance as an International financial centre. Aoshiba has raised bonds in European markets before and expects to do so in London in the future, although it has no immediate plans.

The company also hopes that foreign holdings of its shares wil grow in importance. Currently, about 13 per cent of the shares are held by foreigners, but the U.S. General Electric Company holds 10 per cent, as part of a long association.

Mr. Shoichi Saba, president and chief executive officer of Toshiba since last June, said the company would be attaching greater importance to international diversification and profitability in the future, and to strengthen research and development. He said the company was particularly interested in medical electronic equipment.

Toshiba is the first Japanese company to be listed in London since the abolition of exchange controls last year.

Kleinwort Benson and Nomura Europe sponsored the introduction and Cazenove are brokers to the introduction.

Lee Valley offers £4m of Preference stock

Lee Valley Water Company is offering £4m of redeemable preference stock by tender. The stock carries a coupon of 9½ per cent and a minimum issue price of £101, which produces a gross redemption yield of 13.44 per cent or 19.6 per cent for those able to take advantage of franked investment income. It is redeemable at par on October 31, 1987.

The stock is denominated in amounts of £100 and applications, accompanied by a £10 deposit per £100 nominal, must be received before 11 am on October 15. The first dividend will be payable on April 1, 1981 and thereafter on October 1 and April 1 of each year.

Brokers to the issue are Seymour, Pierce and Co.

● comment

Lee Valley's yield is only slightly higher than the current redemption yield on treasury stock of similar maturity but tenders must be submitted by next Wednesday when a cut in MLR may be in the wind. Thus, the pricing of tender offers is not as easy a task as it might be. The last water issue, York Waterworks, which also has a 9½ per cent coupon, is probably available in small quantities at £102½, so tenders at £102 would normally be rewarded. But that may not be enough in next week's market.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Amal. Power Eng. ...int.	1.54	Jan. 2	3.08	—	6.16
Amstrad	2	Nov. 28	—	2	—
F. Austin (Leyton)	nil	—	0.6	0.18	0.78
BPM Holdings	3.81	Dec. 6	3.19	5.25	4.25
Christies Intnl. ...int.	2	Nov. 26	1.75	—	6
Empire Stores ...int.	2.4	Nov. 14	2.4	—	5.1
John Finlan ...int.	1.5	Dec. 5	1	—	2.5
Harris Queensway ...int.	2	Nov. 28	2*	—	6*
House of Lerose ...int.	2	Dec. 12	1.83	—	5.26
Hunting Petroleum int.	2	Nov. 20	1.5	—	5.5
M. P. Kent	1.4	—	1*	1.9	1.37*
Kwahu Co.	1.84	Nov. 7	1.84	1.84	1.84
Laing Properties ...int.	1.5	Nov. 28	1.25	—	3.5
Lawtex	2.13	Jan. 2	1.91	4	3.56
Lilleshall ...int.	1	Oct. 24	1	—	3.5
London & Strathclyde ...	1.35	—	1.2	2.05	2.3‡
News Intnl. ...int.	2.46	—	1.5*	—	3*
Rockware ...int.	nil	—	2.33	—	6.65
Vosper ...int.	nil	—	2.6	—	4.6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including special 0.5p non-recurring dividend.

Harris Queensway hit by interest charges in half year

Pre-tax profits of Harris Queensway Group slumped from £4.08m to £1.22m in the first half of 1980 but the board is confident that the second half will show a substantial improvement and the full year results will be satisfactory in the light of recent difficult trading conditions.

Even at present levels of trade, second half results will constitute a much higher proportion of the year's profit than has historically been the pattern, the directors said.

First half profit is after interest charges of £1.03m against last year's £272,000 credit and £586,000 (£144,000) profit on property transactions. Turnover amounted to £48.85m compared with £30.29m.

Stated earnings per share are down from an adjusted 8.84p to 2.55p but the interim dividend is effectively maintained at 2p per share—last year's total was equal to 6p.

The directors say group borrowings in the first half reflect the effect of the Henderson-Kenton acquisition, investment in Harris DIY and lower sales. Combined with the present high level of interest rates this has caused the abnormal interest charge.

Following the sale of the Henderson-Kenton credit business however, the situation has improved substantially.

The group is one of the UK's leading retailers of carpets and household furniture.

● comment

A shiver went through the DIY sector yesterday as the market reacted to yet another sign that there is no way of avoiding the current retail squeeze. Harris Queensway's 70 per cent pre-tax plunge had much to do with losses of around £1.3m (including finance costs) on the group's DIY stores. But this division accounts for less than 10 per cent of group business, suggesting that it is becoming an expensive experiment. By year-end the group will have closed a few DIY outlets so that its total number will be just 20, well below earlier plans. Also at year-end the DIY losses may well mount to close to £2m, again being a main factor in the now drastically revised City estimates of a full-year pre-tax level of £5.5m. In other parts of the group there is still a good deal of work to be done: The Henderson-Kenton business did not contribute to first-half profits and there will be some 400 redundancies in the near-term, saving around £4m in costs next year. The Swanley warehouse operation lost £400,000 in the first half because of expensive start-up charges. Finally, the mainstay of the group—its carpet and furnishings outlets—suffered from extremely poor second-quarter trading. The shares fell 12p to 142p yesterday, suggesting a fully-taxed p/e of 19.7, hardly a bargain. The shares yield an historic 6 per cent, also less than impressive. Despite these unenticing ratings the company stands a reasonable chance of bouncing back next year if its cost-reduction plans and lower borrowings work out as scheduled.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Altifund, Atlas Electric and General Trust, Bentalls, Bowthorpe, Bronx Engineering, Finlay Packaging, Fothergill and Harvey, Green's Economiser, Hewden Stuart Plant, Higgs and Hill, Huntleigh, Moss Bros., Ruberoid, United Carriers.

Finals—Kursaal, Photo-Me International, Town Centre Securities.

FUTURE DATES

Interims—

Aberthaw and Bristol Channel Portland Cement	Oct. 14
City of Oxford Invest. Trust	Oct. 15
Derritron	Oct. 10
Grampian Holdings	Oct. 15
Hicking Pentecost	Dec. 1
Telephone Rentals	Oct. 22
Whittington Engineering	Nov. 6

Finals—

British Empire Securities and General Trust	Oct. 10
Peterson Zochonis	Oct. 21
Priest Marians	Oct. 10

Hunting Petroleum up midway

AN INCREASE of 60 per cent to £1.93m in pre-tax profits is reported by Hunting Petroleum Services for the first six months of 1980, and the directors expect second-half results to be at a similar level, despite more difficult conditions for broking and fuel distribution.

First half profits last year were £1.21m and the surplus for the whole of 1979 was £2.93m, up from £2.08m.

The interim dividend is stepped up from 1.5p to 2p—last year a final of 4p was paid.

The greater part of the increase in taxable profit arises from the drilling and oilfield services companies and the U.S. exploration subsidiary, say the directors. The performance of the Canadian subsidiary is also well in excess of last year.

Turnover fell from £75.01m to £71.62m—the directors pointed out in their report for 1979 that the takeover of the crude oil marketing operations by Alberta Petroleum Marketing Commission from April this year would eliminate a significant proportion of turnover and inventory.

The first half profit, which includes the associates' share of £83,000 (£4,000), is subject to SSAP15 tax of £381,000 (£319,000). Had full provision for deferred tax been made, the charge would have been increased by £401,000 (£218,000).

After minorities' profits of £145,000 (£107,000), the attributable surplus is ahead from £779,000 to £1.4m, of which the interim dividend absorbs £191,500 (£143,625).

Earnings per share are shown as 14.61p (8.14p) basic and 12.92p (7.2p) fully diluted.

● comment

Hunting goes from strength to strength. While many UK manufacturing companies are slumping the oil services industry continues to prosper. Hunting's 60 per cent pre-tax rise came largely from more North Sea activity in the field of drilling services; this business contributed close to £1m of earnings. In addition, the U.S. oil exploration division made as much in the first six months of 1980 as it did in all of last year, around £280,000. Fuel distribution and oil broking were static in the first half and face tougher going in the rest of the year because of the world glut of supplies. But the group should produce around £3.9m for 1980, suggesting a fully taxed earnings multiple of 12 at 200p. A total net dividend of, say, 6.5p, would yield 4.7 per cent.

BPM finishes year £0.2m behind

Second half profits of £2.29m against £3.37m has left BPM Holdings, newspaper printer and publisher, with a taxable surplus down from £5.94m to £5.74m for the year ended June 28, 1980, on turnover up by over £10m at £67.89m against £57.53m.

On reporting an increase from £2.58m to £3.46m at midway, the directors said it was clear that the second half would not be as good as the first, although they did not expect a setback in full-year results as a whole.

They now say that a lower volume of advertising, rising costs and a damaging spell of national disruption, combined to reduce daily newspaper profits by almost a quarter and also affected the company's retailing activities.

The weekly newspapers, however, were less affected by the downturn in advertising, and taken together, increased their profits. Established retailing business contributed about the same as last year, and directors say there was a satisfactory full-year's profit from the recent acquisition, Supercards.

Earnings per 25p share are shown as 28.3p (23.2p) and the dividend is stepped up to 5.25p (4.25p) net with a final of 3.8125p.

Pre-tax figure included other income of £558,000 (£349,000), associates' share of £404,000 (£262,000), but was struck after interest of £234,000 (£91,000).

Tax was much lower at £981,000 against £2.18m because of heavy capital expenditure and increased stock holdings, due to expansion on the retail side.

The attributable balance came through at £4.58m compared with £3.72m after minorities of £187,000 (£44,000).

On a CCA basis the pre-tax profit is reduced to £3.78m against a previous £4.32m.

● comment

The pendulum seems to have swung back for BPM with a drop of 32 per cent in second-half pre-tax profits. This had the effect of neutralising the group's one third rise earlier in the year and is closer to the reality which should prevail during the current year. Advertising volume was down around 5 per cent in the second half and daily newspaper profits fell around £1m to £3m for the year. But the weeklies managed a 15 per cent increase and came through with a contribution of around £1.15m. Meanwhile the first 12 months of Supercards produced £400,000 while the rest of retailing was static at £¼m of profit. The NGA strike last spring cost the group around £800,000, of which around £300,000 came off the daily papers. Nevertheless, BPM is doing much better than Liverpool and is in a strong cash position to weather short-term difficulties. At 80p the yield is just under 10 per cent while the p/e is a modest 4.3.

Laing Properties £0.7m higher at half way

AN INCREASE of £700,000 to £3.4m in pre-tax profits is reported by Laing Properties for the six months to June 30, 1980. The figure includes investment income of £3.3m, against £2.5m, and trading profit of a same-again £700,000, but was after corporate charges up from £500,000 to £600,000.

The Board of this property investment company says tax charges may be affected by transactions in the second half, and in these circumstances it is considered that the inclusion of an estimated figure would not be helpful.

The interim dividend is raised from 1.25p to 1.5p and absorbs £808,000—last year's total was 3.5p from pre-tax profits of £5.63m.

Income for the first half maintained the steady progress achieved over the past two years, says the Board, and it is anticipated that income for 1980 as a whole will show an increase of some 20 per cent over that for 1979.

The trading profit is subject to fluctuations and is not necessarily a guide to the final result, it states.

During the half-year, progress has been made with the letting of three office properties at Brentwood, Bristol and Birmingham, and this has brought down the proportion of vacant space in the company's investment portfolio to within reasonable limits. As a consequence of this and other factors, continued growth in rental income is in prospect.

While the level of development activity is likely to be diminished by the recession, the current programme is proceeding well and on present evidence the end results will be satisfactory.

Christies' profits advance to £3.7m at interim stage

FOLLOWING A rise to a record £8.2m last year, Christie's International, fine art auctioneer, has pushed taxable profits to £3.74m in the first half of 1980, compared with £2.97m. Turnover expanded over £4m from £11.87m to £15.94m.

The directors state that auction sales increased in all major salerooms to produce a total of £84.3m, against £60.1m, due primarily to a very substantial increase in the U.S., where the company's New York saleroom must be considered "an unparalleled success."

They say that in the increasingly depressed economic climate it would be unrealistic to expect that the international art market will not be affected. Potential for the second half of the year is good, but pressure on margins is increasing, with continuing high inflation and the strong pound both having their effect on profitability.

The directors say that accordingly, it should not be anticipated that results in the first half will necessarily be repeated during the second six months.

Long-term prospects, however, for the international art market are good, they add, and the group is ideally placed to play a major part in its expansion.

In his annual report last April Mr. J. A. Floyd, chairman, said that expansion undertaken during the past three years would be consolidated during 1980, with the object of restoring margins to their former high level.

Conscious of problems the group faced, he viewed the future with confidence. He added that prospects for the first half of the year were good with important sales planned for all major salerooms.

Tax for the six months takes £1.94m, compared with £1.54m leaving a net profit at £1.8m against £1.43m.

The interim dividend is lifted from 1.75p to 2p net per 10p share—last year's final payment was 4.25p.

There is no change in the position concerning the litigation commenced by certain members of the British Antique Dealers Association and the Society of London Art Dealers, against Sotheby Parke Bernet and Co., and Christie, Manson and Woods, relating to the introduction of the buyer's premium.

	First half 1980 £000	1979 £000
Turnover	15,945	11,873
Pre-tax profit	3,742	2,975
Tax	1,942	1,544
Net profit	1,800	1,431

● comment

The 26 per cent increase in pre-tax profit at Christies International is not as exciting as the 40 per cent rise in auction sales but is still very strong. The shares have been gaining in recent weeks in anticipation of good figures and added 1p yesterday to 219p. Jus as the first half was boosted by the sale of the Henry Ford II collection in the U.S., so the second half could see a late boost from the sale of the Leonardo Codex, if it goes through. Even without it, the group cauld make £7.2m for the year. The prospective fully taxed p/e of 13 is high but so far the auction houses seem relatively immune to the recession. An increase in foreign interest in the shares has also been noticed. The prospective yield, on a 7p dividend for the year, is 4.6 per cent.

SPAIN

October 8	Price %	+ or −
Banco Bilbao	250	
Banco Central	280	
Banco Exterior	217	
Banco Hispano	233	
Banco Ind. Cat.	124	+1
Banco Madrid	141	
Banco Santander	281	
Banco Urquijo	135	−1
Banco Vizcaya	258	−2
Banco Zaragoza	248	
Dragados	120	+2
Espanola Zinc	71.5	−0.5
Fecsa	64.7	
Gal. Preciados	34.5	+1.5
Hidrola	69.5	
Iberduero	66	
Petroleos	112	−1
Petroliber	88.5	
Sogefisa	102	
Telefonica	63.5	−0.5
Union Elect.	70	−0.2

Lilleshall edges ahead to £209,000

Taxable profits of the Lilleshall Company, the steel and engineering concern, edged ahead from £203,000 to £209,000 in the half-year to June 28, 1980. Turnover amounted to £6.37m, compared with £6.08m.

Although the group is soundly based, Mr. Allan Pike, the chairman, says the trading climate in which it operates remains difficult and it is not possible to forecast results for the remainder of the year.

The interim dividend is being maintained at 1p net. Last time a final of 2.5p was paid from pre-tax profits of £404,000.

The surplus for the six months was struck after depreciation of £75,000 (£73,000) and bank interest charges which amounted to £64,000 (£77,000).

Tax took £109,000 (£105,000) and stated earnings per 10p share were ahead at 4.4p (4.2p).

The steel rolling division's contribution to profit has not yet turned upwards. Fuel and energy costs are still rising but the Board in the long-term interest has authorised further capital expenditure on a new furnace in the mill which is scheduled to be in operation before the end of the year and which will reduce consumption of gas.

A.P.E. profit reduced and interim cut to 1.54p

TRADING PROFITS of Amalgamated Power Engineering show satisfactory progress in the first half of 1980 but interest charges of £1.52m against £446,000 have reduced pre-tax profits to £708,000 against £796,000 in the same period last year.

The group is also suffering from high exchange rates and a recession in world markets which will mean a lower level of activity in the short-term, the directors say.

The interim dividend is cut from 3.08p to 1.54p—last year's total was 6.16p on pre-tax profits of £1.56m.

The directors say it is difficult to forecast accurately the results for the current year. Looking to 1981, the order book is considerably down on previous years but sufficient to give the group confidence in the future.

The group manufactures diesel engines, steam turbines, compressors, gears and valves.

	Half-year 1980 £000	1979 £000
Turnover	38,556	30,170
Trading profit*	2,212	1,168
Interest charged	1,521	446
Associates' profits	17	74
Profit before tax	708	796
Tax	314	391
Net profit	394	405
Redundancies	50	—
Attributable	344	405

* And other income.

● **comment**

A glance at the source and application of funds statement accompanying Amalgamated Power Engineering's last accounts provides ample reasons why the bold attempt at trading recovery has been scotched by debt servicing costs. Net liquid funds contracted last year by £8.5m resulting in a rise of almost £5m in net variable rate borrowing. The upshot is income gearing, on the basis of the interim results, of over two-thirds. Working capital requirements will obviously drop as the level of short term activity declines and profits have already absorbed substantial redundancy payments. That does not, however, provide much scope for recovery since the operating profit upturn cannot be expected to progress very much further. To a very great extent, the fall from the peak profit of £6.8m in 1978 has been properly discounted and the shares, down 2p at 57p, are a very long way short of the annual peak of 95p. The historic yield is over 15 per cent which would fall to 8.4 per cent if the normal interim/final split is maintained. That may not be sufficient to allow for the uncertainties over the second half and beyond.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	300	110	2	120	—	—	—	406p
BP	360	50	10	74	—	86	—	"
BP	390	21	20	50	25	66	1	"
BP	420	7	1	32	24	48	1	"
Com. Union	160	13	39	23	10	26	—	170p
Com. Union	180	3	—	13	59	16	14	"
Cons. Gold	500	158	—	183	7	200	—	656p
Cons. Gold	600	58	105	103	—	123	—	"
Cons. Gold	650	20	2	69	7	90	—	"
Cons. Gold	700	7	245	48	7	65	1	"
Courtaulds	60	3½	—	7½	40	11½	—	60p
Courtaulds	70	½	—	4½	2	7½	—	"
Courtaulds	80	¼	—	2	2	—	—	"
GEC	460	65	1	92	—	115	—	518p
GEC	500	27	3	62	2	85	—	"
GEC	550	5	2	35	5	55	—	"
Grand Met.	140	19	—	26	62	32	—	157p
Grand Met.	160	2½	25	14	—	20	—	"
Grand Met.	180	½	4	7	—	11½	18	"
ICI	330	10	2	30	—	38	—	330p
ICI	360	1½	—	15	5	22	4	"
ICI	390	½	—	8	—	13	2	"
Land Secs.	420	1½	—	22	3	34	—	384p
Marks & Sp.	100	8	5	14	—	19	5	106p
Marks & Sp.	110	3	16	8	22	14½	—	"
Shell	360	60	—	80	2	—	—	416p
Shell	390	30	16	56	—	72	—	"
Shell	420	12	32	40	—	54	—	"
Shell	460	3	—	23	4	32	—	"
Totals			530		288		28	
		November		February		May		
Imperial Gp.	80	4	—	9	20	11	—	77p
Imperial Gp.	90	1	—	5	31	6	11	"
Lonrho	94	22	42	30	5	—	—	113p
Lonrho	104	14	13	22	5	—	—	"
Lonrho	114	7½	1	15	11	—	—	"
Lonrho	120	4½	72	11	1	18	8	"
P. & O.	120	9	10	16	—	—	—	123p
P. & O.	130	5	68	10½	7	15	—	"
Racal Elec.	240	88	1	—	—	—	—	319p
Racal Elec.	330	16	10	35	6	48	—	"
Racal Elec.	360	6	1	23	1	34	—	"
RTZ	384	70	1	90	—	—	—	446p
RTZ	454	20	2	42	—	60	—	"
RTZ	494	8	—	28	5	42	—	"
Totals			221		92		19	

Irish Leathers cuts back as losses reach £0.88m

A PRE-TAX loss of IR£887,000 compared with profits of £146,000, is reported by Irish Leathers, the Waterford leather manufacturer, for the six months to June 30, 1980. Turnover was also down, falling from £13.38m to £11.69m. In the last full year, losses were £156,000 against £325,000.

The board states that in view of the circumstances, it will again omit paying an interim dividend. No dividends have been paid since 1977.

Mr. A. Dunn, the chairman, says the prospects for an early return to profitability are far from reassuring. The board has had to adopt a policy of cutting back production to the needs of the trade. This has necessitated a measure of short-time working and the laying off of some employees.

He says the board is satisfied that these steps, together with further economies in the use of fuel and power, were necessary in the context of the depressed world situation in the shoe and leather industry.

The group had a trading loss of £456,000 against a profit of £500,000 last time. Depreciation was up from £135,000 to £140,000, and interest charges were also higher at £291,000 (£219,000). There was again no tax charge at the halfway stage. An extraordinary credit of £204,000 (£26,000 debit) resulted from profits on the sale of premises and receipts in the form of Employment Maintenance Subsidy.

There was a loss per 25p share of 8.83p (1.45p).

BIDS AND DEALS

Offer for Marler stake has been abandoned

THE anonymous offer for "a substantial part" of Blade Investments' 48 per cent holding in Marler Estates, has been abandoned, the company announced last night.

However, discussions are said to be continuing "regarding the other approaches to Marler Estates and a further announcement will be made as soon as possible," the announcement continued.

The proposals discussed for the Blade stake would apparently have triggered off a full scale bid for Marler under Takeover Panel rules and "agreement on this could not be reached," the company said.

Apart from Blade's holding, the Marler family still retains about 2¼ per cent of the equity and other Board members control nearly another 10 per cent, so any full scale bid would need to be agreed.

There was no movement in the share price ahead of the announcement which was made after 6.00 pm. The price closed unchanged at 94p the level to which it has drifted in the past fortnight after a peak of 112p.

The stock had been highly active for five weeks ahead of the announcement of the offer to Blade, rising more than 2½ times during the period.

KLEINWORT BENSON

Kleinwort Benson has taken a controlling interest in Data Recall, a word processor manufacturer.

The merchant bank, which already had a stake in the company, announced yesterday that it had injected an additional £600,000 capital, as a result of which DR is now a subsidiary.

DR, which markets systems in the middle range of electronic word processing units, says that turnover is currently running 50 per cent higher than last year when the final figure reached £2.2m. Exports, mainly to western Europe, are said to account for 40 per cent of volume.

ASSOCIATES DEAL

Halliday Simpson and Company purchased 31,400 Bernard Wardle ordinary shares on October 8 at 29½p on behalf of Birmingham and Midland Counties Trust, which is an associate of Ferguson Investments.

CASTLEMERE BUYS STAKE IN GIEVES

Castlemere Properties, a private group in which Imperial Life of Canada has a large minority interest, has taken a stake in Gieves Group, the tailor and outfitter.

Castlemere has acquired 405,000 ordinary shares—equal to 6.895 per cent of the total capital.

SMURFIT EXTENDS OFFER FOR ALTON

Jefferson Smurfit, the Irish paper and packaging group, is extending its tender offer for additional shares of the Alton Box Board Company of the U.S.

Smurfit said that its offer of $22 cash had attracted 667,598 Alton shares, or about 29.21 per cent of the capital, and this was being extended to October 20.

This offer is in accordance with an agreement made in July, 1979, when Smurfit took its interest in this Illinois-based company up from 27 per cent to 51 per cent. With tenders so far received, Smurfit's stake in Alton is up to 80 per cent.

SHARE STAKES

Tern-Consulate. — Industrial and Commercial Finance Corporation now holds 215,000 shares (9.19 per cent).

Whitworth Electric (Holdings) —D. P. A. Thomas disposed of 7,500 shares and Miss R. J. Thomas disposed of 167,440 shares (4.23 per cent).

Blagden and Noakes (Holdings) — Britannic Assurance Company has recently acquired a further 100,000 ordinary shares, increasing its holding to 1,180,000 (11.08 per cent).

Robinson Brothers (Ryders Green).—Resulting from a transfer of 23,039 ordinary shares Monarch Assurance are now beneficial owners of 55,150 (5.515 per cent).

M. P. Kent on target with £3m at year-end

THE FORECAST made at the halfway stage of "substantially" improved results in the second half and full year profits of some £3m has been borne out at M. P. Kent, the west country residential and commercial property developer. Pre-tax profits for the year to June 30, 1980 have climbed from £1.85m to £3.05m. Second half profits advanced from £1.12m to £1.53m.

The Board says that with the benefits of funds and profits from property sales of £11.1m in the current year, and a reasonable contribution from housing developments, a further advancement should be made.

Turnover for the year rose from £13.56m to £17.98m after tax down from £7,000 to £1,000. Stated earnings per 10p share have jumped from 8.6p to 14p, and the final dividend is effectively raised from 1p to 1.4p for a total of 1.9p (1.365p adjusted).

House of Lerose improves

DESPITE TURNOVER remaining virtually static in the first half of 1980 at £8.44m, compared with £8.24m, taxable profits of the House of Lerose improved by over £165,000 to £568,454 in the period.

The interim dividend is increased from 1.83p to 2p net. Last time a final of 3.43p was paid from pre-tax profits of £1.2m.

The directors say that in the UK the company, which manufactures and distributes ladies' knitted outerwear, was fortunate in reaching its planned level of sales in the six months, despite the noticeable lack of optimism in its industry.

This was made possible by an even greater emphasis on quality and design, which is being recognised by the company's customers, they add.

In Holland, Lerose's rationalisation is proving successful and the directors expect to at least break even this year.

Tax for the six months took £330,265 (£281,442) leaving stated earnings per 25p share up from 2.14p to 4.18p.

15% advance and Lawtex pays more

ALTHOUGH sales in the second half were marginally lower and profits were down by £51,000, Lawtex, the Manchester manufacturer of clothing, umbrellas and allied products, reports an increase of 15.4 per cent increase in pre-tax profits for the full year to June 28, 1980. The figures were £476,399 compared with £412,758, with turnover climbing by 13 per cent from £14.77m to £16.69m.

The directors consider the results reasonably satisfactory having regard to the sharp decline in the economic climate during 1980.

The pre-tax profit was struck after interest charges up from £249,498 to £367,448 and depreciation of £117,926 (£93,926). After tax of £34,286 (£30,536) stated earnings per 25p share are up from 0.191p to 0.221p, and the final dividend is raised from 1.9125p to 2.125p for a total of 4p (3.5625p).

Edward Jones moves back into profits

Reflecting improved trading position, Edward Jones Group (formerly Edward Jones Contractors) has returned to profits in the six months to June 30, 1980 with a pre-tax surplus of £22,000 against a loss of £43,700. Turnover rose from £1.44m to £2.44m.

The Board of this building contractor and developer hopes the improved situation will continue, and consideration will be given to restoring payment of a dividend when the full year's results are known. No dividends have been paid since 1976.

The sale of surplus development land, and the steps taken by the company to reduce monies owed, have contributed to a reduction in overdraft and have lessened the effect of high interest rates. The Board says the current order book is satisfactory, although margins reflect the highly-competitive conditions.

There was a tax charge of £11,400 against a credit of £22,700 last time.

No preference dividend from Grovebell

Grovebell, which earlier this year lost its long-running battle for representation on the board of Bond Street Fabrics, is not paying its preference dividend for the six months ended September 30, 1980.

In June the group announced a heavier loss, before tax, of £209,000 for the year ended November 30, 1979, compared with £76,000, and the final ordinary dividend was omitted.

The company—which operates a main Vauxhall and Bedford dealership and also trades in caravans—said at the time of the results that development had been affected by deteriorating economic conditions during the second half.

MINING NEWS

Rustenburg Platinum on the crest of the wave

BY KENNETH MARSTON, MINING EDITOR

SHARPLY INCREASED profits announced by South Africa's Rustenburg Platinum Holdings for the year to August 31 are in line with most expectations, but there may be some disappointment with the dividend. Even so, the latter is doubled to 40 cents (22.2p) with a final of 27.5 cents.

Rustenburg has changed its accounting policy with regard to the tax relief which is allowed on capital expenditure. In previous years the company's after-tax profit was enhanced by the element of tax relief on capital spending, although the expenditure had not been charged against profits.

To avoid this anomaly "tax normalisation," equating with the element of tax relief on expansionary projects, has now been introduced into the accounts. The sum of tax normalisation and the actual provision for tax is therefore equivalent to the taxation which would normally have arisen had there been no expenditure of expansion capital.

On the new accounting basis, net profits for the year have climbed 81 per cent to R124.7m (£69.3m) from R68.9m in 1978-79, the latest earnings per share being 99.5 cents (55.3p) against 55 cents. On the old basis the profits would have been R97.3m against R53.7m. The change in accounting does not affect the company's cash position and its ability to pay dividends.

Rustenburg points out that while demand for platinum for general industrial uses remained firm during the year, it was lower in the cases of the Japanese jewellery industry and the U.S. automobile industry. But the decline in these two important areas was offset by an upsurge in speculative and investment buying.

(R millions)	New basis 1980	1979	Old basis 1980
Net oper. profit	270.2	158.9	270.2
Int. recvd./paid	3.4	(2.5)	3.4
Profit before prov.	273.6	156.4	273.6
Provisions	33.7	26.7	33.7
Profit before tax	239.9	129.7	239.9
Tax and lease	92.5	51.0	92.5
Tax normalisation	22.7	9.8	—
Profit after tax	124.7	68.9	147.4
Dividends	50.1	25.0	50.1
Interim div.	15.7	6.2	15.7
Final dividend	34.4	18.8	34.4
Available	74.6	43.9	97.3
Earnings per share (cents)	99.5	55.0	117.6
Div. per share (cents)	40	20	40

Rustenburg raised its selling price from $380 per ounce to $420 on December 19, 1979, and further to $475 on August 28 last. The current level on the free market is $687. Higher platinum prices coupled with increased sales of the metal and by-products raised turnover and profit to record levels.

These would have been even higher but for the exchange disadvantage of the strengthening of the South African rand against the U.S. dollar. By the end of the year, however, Rustenburg had repaid all its borrowings and its cash deposits exceeded R42m.

Forecasting the outlook for platinum prices is notoriously difficult with unfathomable factors in the picture such as what may happen to the large stocks in speculative hands and the course of Russian sales. But with higher metal prices, a strong financial base and flexibility of operation the company has started the current year well. The shares were 356p yesterday.

Northgate gold find uprated

DRILLING AT the Northgate Exploration Orofino gold property 65 miles from Timmins, Ontario, has resulted in the indicated ore tonnage being increased by 20 per cent and the ore grade estimate being improved by 30 per cent. The company now puts ore reserves at 306,000 tonnes grading an average of 0.2 ounces (6.2 grammes) of gold pe rton.

The project is being managed by Northgate under a joint venture agreement with Consolidated Orofino Resources.

Diamond surface drilling started at the end of May to confirm and extend the known gold deposit. Assay results are now available for 15 holes.

Good ore widths are reported and the ore grades range from 0.10 ounces per ton to more than 1 ounce per ton. The ore is at depths ranging mainly between 300 ft and 900 ft.

At least seven more holes are to be completed in the mine area before the end of the year together with other drilling for the Gifford prospect which is about 4 miles east of Orofino.

Ashton industrial diamonds face a competitive market

MARKETING studies for the potential of the Argyle prospect at the CRA-led Ashton venture in Western Australia are not particularly encouraging in view of the fact that the stones are predominantly of industrial quality. CRA says that "world demand for industrial diamonds and competition from synthetic products may possibly set a limit to the production rate at Argyle."

It is pointed out that the industrial market is supplied mostly by diamonds of synthetic manufacture for which the technology continues to advance. Recent studies have confirmed that the Argyle stones have a value of about US$15.50 per carat.

This, of course, is far below the value of gem quality diamonds but it is good by industrial standards and indicates that the Argyle material is of the higher industrial quality. At the same time, Argyle has a very high concentration of diamonds.

Sampling of pipe AK-1 at Argyle carried out since the end of the September quarter has resulted in as much as 1,003.75 carats' weight of diamond being recovered from 336.4 tonnes of diamond-bearing material, a grade of almost 300 carats per 100 tonnes which far outstrips anything in South Africa.

Thus it would seem that, depending on costs, Argyle has the makings of a profitable mining operation which could generate an early cash flow. The venture's Ellendale prospect, on the other hand, could be an earnings sweetener because some 60 per cent of the stones sampled come into the gem category with values ranging to $100 or so per carat.

They, too, are very small and it must be remembered that it is the size of individual stones that counts in terms of value; a single stone is worth much more than its equivalent weight in smaller stones of a similar quality. Samples taken from Ellendale's pipe "A" in the September quarter had a total weight of 257.41 carats made up of as many as 1,279 stones of which the largest was 2.95 carats.

These are still early days. Only the near-surface areas of some of the many pipes have been sampled at the big prospect. But the verdict remains that we are seeing the evolution of sizeable and profitable diamond operation, but not one that is likely to outshine the world's other major diamond mines.

The partners in Ashton are: CRA 56.8 per cent, Ashton Mining 24.2 per cent, Tanks Consolidated 9.1 per cent, Northern Mining 5 per cent and AO (Australia 4.9 per cent.

Southern Peru to spend $220m

AFTER having so far invested some U.S.$1bn (£417m) in its Peruvian Toquepala and Cuajone copper mines, America's Southern Peru Copper Corporation is planning further major spending at the properties.

Mr. Frank Archibald, chairman and president of Southern Peru, says that a further $150m will be spent on expansion at Toquepala and $70m to maintain output at Cuajone. Present annual output capacities are 120,000 tonnes of copper at Toquepala and 180,000 tonnes at Cuajone.

ANOTHER DIV. FROM GMK

Australia's Gold Mines of Kalgoorlie announces an additional dividend of 12.5 cents (6.1p) per share payable to holders registered on October 31.

On September 3 the company announced a final dividend of 5 cents b ringing the total for the year to June 30 to 13 cents. As previously reported, GMK lifted net earnings for the year to end-June to A$7.04m from A$2.28m in 1979.

The company derives its income from an indirect 24 per cent stake in Kalgoorlie Mining Associates, which operates the Mount Charlotte and Fimiston gold mines on Western Australia's famous Golden Mile.

Prior to the dividend news GMK's shares fell 25p to 490p in a market generally depressed by fears of a Labor Party victory in the forthcoming Federal Election on October 18.

Placer extends wage agreement

CANADA'S Placer Development appears to be assured of labour peace until September 30, 1982, following the 15-month extension of contracts with the union representing its hourly-rated employees at the wholly-owned Endako molybdenum mine and the 72 per cent-owned Gibraltar copper mine, both in central British Columbia.

The extensions are with the Canadian Association of Industrial, Mechanical and Allied Workers which has called a number of strikes against Placer in the past, reports our Toronto correspondent.

In another development, Placer has reduced its Endako molybdenum price by 84 cents to US$10.20 per pound of contained molybdenum, with effect from October 1. This also applies to the by-product molybdenum moly produced by Gibraltar.

WORLD STOCK MARKETS

Wall St. rallies in early trade

TUESDAY'S downturn on Wall Street on profit-taking proved short-lived, with Precious Metal, Oil and Technology issues rebounding to lead the market ahead yesterday morning in active trading.

The Dow Jones Industrial Average, after slipping 5 points the previous day, had rallied 4.09 to 964.76 at 1 p.m. The NYSE All Common Index improved 41 cents to $76.06, while advances led declines by an eight-to-five margin. Turnover amounted to 31.75m shares, but was well below the 37.99m recorded at 1 p.m. on Tuesday.

Analysts said cash-laden institutions were continuing a recent pattern of buying on market setbacks.

However, analysts said concern about the Iran-Iraq war remain, and added that while investors were buying last week in anticipation of an interest rate peak, they now want to see an actual decline. Rates rose in the credit market early yesterday.

NCR jumped 3½ to $74½. The company reported improved third-quarter results.

Whirlpool put on ½ to $22¾. It said third-quarter profits rose despite reduced shipments.

Among Oils, **Mobil** gained ¾ to $75⅞, **Gulf Oil** ⅜ to $45¼ and **Columbia Gas** ¾ to $39½, but **Standard Oil of California** eased ¼ to $86⅞ and **Gulf Canada** were unchanged at $23⅞.

They are all participants in exploration of the Hibernia area, off Newfoundland. The Canadian Government approved the drilling of a third Hibernia delineation well.

Motorola lost ½ to $68¼. It has bought a 50 per cent stake in Aizu-Toko, a subsidiary of Toko of Japan.

THE AMERICAN SE Market Value Index recouped 1.89 to 346.25 at 1 pm. Volume 4.36m shares.

Closing prices for North America were not available for this edition.

Canada

Stocks were firmer for choice after active early dealings. The Toronto Composite Index hardened 3.7 to 2,290.3 at noon. Golds gained 23.4 to 6,071.7 and Oil and Gas 18.2 to 4,581.2, but Banks shed 1.45 to 368.74.

Australia

Markets continued to weaken over a broad front on investor worries about opinion polls showing the Labour Party pulling ahead of the Liberals in the run-up to next week's Federal Election.

Investors now realise that they do face the prospect of a change of Government. They have now had to look at the Labour Party's policies in a new light, and they do not like what they see. The Labour Party, for example is opposed to uranium mining, and intends to introduce a resources rent tax. It is also likely to change oil pricing policy and is considering a capital gains tax, a wealth tax and an inheritance tax.

The Sydney All Ordinaries index fell 19.34 to 949.80, a loss of 47.70 in two days from a previous record high. The fall represents a drop of more than A$2,500m in market capitalisation. The Metals and Minerals index weakened 127.18 more to 6,263.72 and the Oils index a further 29.53 to 804.57.

Pancontinental led Uraniums down with a 70 cents fall to A$7.30, while **Peko** lost 60 cents to A$10.80. **Queensland Mines** and **EZ** each shed 30 cents to A$7.60 and A$6.60 respectively.

Among Golds, **Haoma** was hardest hit, declining 50 cents to A$3.00. **Kitchener** dipped 50 cents to A$5.50 and **Poseidon** 10 cents to A$6.30.

Among other Minings, **CRA** retreated 30 cents to A$5.80 after the release of a quarterly report from the Ashton joint diamond venture partners.

In the Oil and Gas sector, **Santos** receded 50 cents to A$13.50, **Vamgas** 30 cents to A$6.00, **AOG** 20 cents to A$2.90 and **Hartogen** 30 cents to A$5.50.

Banks fell on fears that a Labour Government would go against market pressures to keep interest rates down. **ANZ Banking** slid 30 cents to A$4.30.

On the Industrials boards, **BHP** dipped 35 cents more to A$14.85, **ICI Australia** 25 cents to A$2.50 and **Associated Pulp** 17 cents to A$2.00.

Tokyo

Share prices mainly receded in further moderate trading as profit-taking increased in Blue Chips, large-capital issues and export-orientated shares. Foreign investors remained discouraged from resuming their recent strong buying by the yen's sharp appreciation, while the softer overnight Wall Street trend also acted as a depressant.

The Nikkei - Dow Jones Average retreated 34.58 to 7,115.33 and the Tokyo SE index 1.56 to 491.19, while falls led rises on the First Market section by 396 to 209. Volume came to 300m shares (280m).

Canon lost Y11 to Y694 despite good consolidated results. **Sony** declined Y70 to Y3,110, **Honda Motor** Y6 to Y527, **Takeda Chemical** Y11 to Y655, **TDK Electronic** Y30 to Y2,920 and **Matsushita Electric Works** Y11 to Y598, but **Victor** improved Y30 to Y1,920 and **Yamaha Motor** Y10 to Y910.

Germany

Most shares eased, reversing a five-session uptrend, in what brokers said was a largely technical reaction.

They noted, however, that leading shares posted only moderate losses, with most of the gains of recent sessions intact. The Commerzbank index lost 6.2 to 737.0.

Paris

The overnight softer tone on Wall Street and rumours that the French Government will announce tighter credit conditions for 1981 were behind a widespread decline in stocks on the Paris Bourse.

Hong Kong

Local profit-taking yesterday halted the market's recent strong advance and left stocks easier-inclined on the day, although trading was very heavy. Turnover totalled HK$596.14m on the four exchanges, exceeding the previous day's HK$559.43m.

In marked contrast to the general downtrend, **Hong Kong Wharf** moved ahead HK$4 more to HK$114 for a three-day rise of HK$15. The fresh gain in Wharf shares was a big factor in limiting the Hang Seng index, which closed at a seven-year peak on Tuesday, to a loss of only 0.01 at 1,318.46. **Wharf** is splitting its stock on a 10-for-one basis shortly. **World International**, which has a 30 per cent stake in Wharf, put on 15 cents to HK$6.00.

Singapore

The market relinquished further ground over a wide front in fairly quiet trading, taking the Singapore Straits Times Industrial index 13.22 lower to 596.45.

It was the breadth of the losses, rather than any single spectacular fall, which sent the index lower. Brokers cited continued liquidations of stale bull positions, especially among Malaysian issues, for the retreat, while easier New York and Hong Kong markets helped to dampen sentiment.

Tin issues were particularly soft, but a very thinly traded Hotels sector bucked the trend, with Shangri-la rising to S$13.50 from S$12.30.

Johannesburg

Gold shares were slightly easier in quiet trading after narrow fluctuations in the Bullion price.

Gold Fields group mining companies followed the lower trend, and GFSA lost 50 cents at R115.00, after their quarterly figures.

In lower Platinums, **Rusplats** fell 25 cents to R8.95 ahead of the annual results. Elsewhere, **Consolidated Murchison** recovered 25 cents to R6.65 following Tuesday's fall of R2.80 on the final dividend omission.

NEW YORK

CANADA

Stock	Oct. 7	Oct. 6
Abitibi	23⅛	23⅛
Agnico Eagle	21¼	21½
Alcan Alumn.	43⅝	43¾
Algoma Steel	57	37¼
Asbestos	31¼	31⅛
Bk Montreal	29	29⅛
Bk Nova Scotia	31¼	31½
[illegible]	[illegible]	[illegible]

BELGIUM (continued)

Oct. 8	Price Frs.	+ or —
Petrofina	5,050	+50
Royale Belge	5,610	—90
Soc Gen Banq	2,210	—15
Soc Gen Belge	1,132	......
Sofina	3,155	—95
Solvay	2,485	—5
Traction Elect.	2,465	—30
UCB	1,296	—6
Union Miniere	720	—10
[illegible]	[illegible]	[illegible]

HOLLAND

Oct. 8	Price Fls.	+ or —
ACF Holding	65.2	+0.7
Ahold	68.0	—1.2
AKZO	20.4	—0.3
ABN	309.0	—1.5
AMEV	90.0	+0.5
AMRO	66.5	+0.7
Bredero Cert.	180	—2
Bos Kalis	88.3	—0.5
[illegible]	[illegible]	[illegible]

AUSTRALIA

Oct. 8	Price Aust. $	+ or —
ANZ Group	4.50	—0.50
Acrow Aust.	1.05	....
Alliance Expl.	2.18	—0.07
Ampol Pet.	1.71	—0.01
Assoc. Pulp Pap.	2.0	—0.17
Audimco	0.25	—0.01
Aust Cons Ind.	2.04	—0.01
Aust Guarant.	1.35	......
Aust Nat Inds.	2.65	....
[illegible]	[illegible]	[illegible]

JAPAN (continued)

Oct. 8	Price Yen	+ or —
Kubota	375	....
Kumagai	415	—10
Kyoto Ceramic	3,460	—40
Lion	385	—4
Maeda Cons.	540	......
Makita	1,010	+10
Marubeni	405	—2
Marudai	630	+1
Marui	651	—11
[illegible]	[illegible]	[illegible]

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

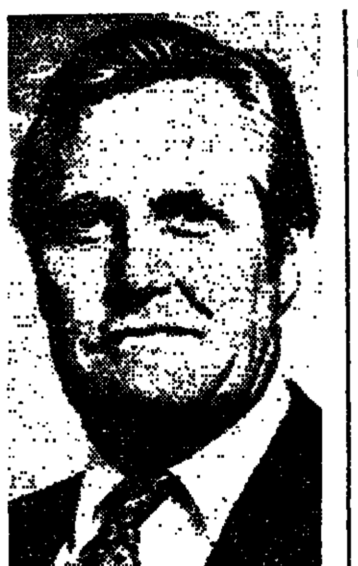
N.Y.S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

APPOINTMENTS

Board posts at Sears Holdings



Mr. D. L. Roberts

SEARS HOLDINGS has appointed Mr. D. L. Roberts, managing director of its subsidiary company BSC Footwear, and Mr. D. J. R. Ward, secretary and group financial controller, as additional members of the main Board.

★

Mr. Gordon Yonge has been appointed by PLESSEY as programme executive for the company's share of UKADGE, Britain's new air defence (ground environment) network. He was technical executive at Plessey Radar and Mr. John Winstanley has been moved to that position.

★

Sir Basil Hall has been appointed a deputy chairman of the CIVIL SERVICE APPEAL BOARD in succession to Mr. K. E. Lefever. Until his recent retirement. Sir Basil was the Treasury solicitor. The Board was set up in 1972 to consider appeals from civil servants dismissed or prematurely retired.

★

Mr. D. M. Davenport, general manager of the Ipswich region of HOLLIDAY HALL AND CO., has been appointed a divisional director.

★

Mr. Oliver Rowell, general manager of the Nuffield Nursing Homes Trust, was elected chairman of the INDEPENDENT HOSPITAL GROUP. He succeeds Mr. Derek Damerell, chief executive of BUPA, and founder chairman of the IHG, who retires after five years as chairman.

★

Following the acquisition of ECONOMIC MODELS LIMITED by McGRAW-HILL, and EML's merger into DATA RESOURCES INTERNATIONAL, Dr. Uri Dadush is now vice-president and general manager of DRI INTERNATIONAL. Reporting to him will be Mr. Charles Stancomb as vice-president, marketing. Dr. David Wyss, vice-president, macroeconomics, Mr. Nicholas Kouvaritakakis, vice-president, microeconomics and industry studies, and Mr. Nicholas Stavrakakis, financial controller.

★

Mr. R. Jensen has been appointed to the Board of HOGG ROBINSON AND GARDNER MOUNTAIN (MARINE).

★

Mr. J. J. Hughes and Dr. P. L. Thomas have been appointed to the Board of JONWINDOWS, a member of the John Williams Group.

★

Mr. Bob Waller, former chairman of ABTA, has joined the Board of TRAFALGAR TRAVEL.

★

Dr. John Scarborough has become director of sales and marketing of INTERNATIONAL ELECTRONICS.

★

Mr. E. C. Baltes, president of Lasser Marshall Inc., has been appointed a director of Mercantile House Holdings.

★

Mr. Thomas L. Beagley has been appointed the eighth member of DOVER HARBOUR BOARD for a term of three years, ending on September 30, 1983.

★

ATCOST has made the following changes: Mr. David Claridge relinquishes his position as managing director of the subsidiary company, Atcost Structures, to concentrate on his position as Group marketing director. Mr. Len Moore takes over as managing director of Atcost Structures, relinquishing his current position as managing director of Atcost Concrete, the Group's manufacturing subsidiary. Mr. Peter Usher, planning director, becomes the new managing director of Atcost Concrete.

★

Mr. John Colley has been made vice-president and general manager of European operations for CALMA in London.

★

Dr. Andrew Barber has been appointed managing director of CAPPER NEILL PLASTICS, the specialist plastic products distributor in the Capper Neill Group. Mrs. Madge King has retired as managing director, but continues as an executive director.

★

Mr. Ray C. Adam, chairman and chief executive officer of NL Industries Inc., has been elected a director of FREEPORT MINERALS COMPANY, New York.

★

Following the acquisition of a majority interest in Trinkaus and Burkhardt, West Germany's largest private bank, MIDLAND BANK has made the following appointments: Mr. Jack Hendley, a senior general manager, Midland Bank, has been appointed deputy chairman of the administrative Board of Trinkaus and Burkhardt. Mr. Herve de Carmoy, a general manager, Midland Bank, and chairman of the executive Board of Midland Bank France and BCT Midland Bank, becomes chairman of the executive committee of the administrative Board. Mr. Leon Bressler, an executive director of BCT Midland Bank, has been appointed deputy chairman of the executive committee.

★

Mr. Richard J. C. Cross has joined the engineers and contractors division of J. H. MINET AND CO. as a director.

★

Mr. J. D. Boyagis has been appointed a director of C. T. BOWRING AND CO. (INSURANCE).

★

NATIONAL CARRIERS has appointed Mr. Geoff Wright as managing director of its newly-formed parcels division. He was formerly managing director of National Carriers Midland region. Mr. Roy Ledward, managing director of the North Eastern region, returns to his home town of Stoke-on-Trent to take over as managing director of the Midland region. Mr. Alan Morris, managing director North Western region, takes over the combined North Western and North Eastern regions, which become the northern region.

★

Mr. Ronald J. Harrison has been appointed a non-executive director of ST. GEORGE'S LAUNDRY (WORCESTER). Mr. Harrison is the chief executive of Canada Permanent Trust Company (UK).

★

Mr. C. R. Bean, group financial controller of DUBILIER, has been appointed to the board as financial director. Mr. P. S. Batt, managing director of Greenpar Connectors, and Mr. D. G. Beswick, managing director of Kenneth E. Beswick, the group's principal subsidiaries, have become associate directors of Dubilier from the same date.

★

Mr. Anthony Stanbury has been appointed chief executive of STEINBERG GROUP. Mr. Jack Steinberg remains chairman.

★

Mr. Bill Boyd has been appointed director in charge of the Croda company, WEBSTERS, in addition to his position as commercial director, Croda Metal Treatments.

★

Mr. John M. Knipers, who retired as a director of EMI in July this year, has joined the GOWRING GROUP as a financial consultant.

★

Mr. Duncan Haws, sales director of BRITISH CALEDONIAN AIRWAYS, is to retire from the group at the end of this year but will remain as consultant on travel and tourism. Mr. Alastair Pugh, managing director, will take over direct responsibility for the sales division until further notice and will be assisted by Mr. J. R. Sidebothom, projects director.

★

Mr. Roger C. Storey has been appointed executive director of MIDLAND AND NORTHERN, the corporate financial services subsidiary of the Centreway Trust Group.

Rustenburg Platinum Holdings Limited

(Incorporated in the Republic of South Africa)

Preliminary Report and Declaration of Dividend for the year ended 31st August, 1980

CONSOLIDATED INCOME STATEMENT

The unaudited Consolidated Income Statement for the twelve months to 31st August, 1980, together with comparable figures for the preceding twelve-month period, are set out on two bases below. The new basis incorporates "tax normalisation" and the rationale for its introduction is given in the commentary below.

(R000)	New basis 1980	New basis 1979	Previous basis 1980	Previous basis 1979
Net operating profit	270,200	158,900	270,200	158,900
Interest received/(paid)	3,400	(2,500)	3,400	(2,500)
Profit before provisions	273,600	156,400	273,600	156,400
Deduct: Provisions	33,700	26,700	33,700	26,700
Renewals and replacements	33,700	25,700	33,700	25,700
Loss on foreign loans	—	1,000	—	1,000
Profit before taxation	239,900	129,700	239,900	129,700
Deduct: Taxation and lease	92,500	51,000	92,500	51,000
Tax normalisation	22,700	9,800	—	—
Profit after taxation	124,700	68,900	147,400	78,700
Deduct: Dividends	50,100	25,000	50,100	25,000
Interim	15,700	6,200	15,700	6,200
Final	34,400	18,800	34,400	18,800
Available for transfer to reserve	74,600	43,900	97,300	53,700
Number of shares in issue (000)	125,320	125,320	125,320	125,320
Earnings per share (cents)	99.5	55.0	117.6	62.8
Dividends per share (cents)	40.0	20.0	40.0	20.0
Dividend cover	2.5	2.7	2.7	3.1

DIRECTORATE

On the 25th August, 1980, the Chairman, Sir Albert Robinson, announced his intention to retire from the Board of your Company with effect from the 31st December, 1980. His resignation has been accepted with regret. The Board and Management of the Company wish to place on record their appreciation of his valued guidance over the past nine years.

Mr. G. H. Waddell has accepted an invitation from the Board to succeed Sir Albert as Chairman on 1st January, 1981.

MARKETING

Demand for platinum for general industrial uses remained firm throughout the financial year. However, diminished activity in the Japanese jewellery trade, arising primarily from both the level of, and wide fluctuations in the Free Market price, resulted in imports of platinum into that country being lower than in the preceding year. Furthermore, demand for metal from the USA automobile industry fell in line with automobile production.

The decline in end-usage by these two traditional market sectors was more than offset by increased demand for speculative and investment purposes. It is difficult to predict whether the level of this demand will be sustained and, indeed, the accumulation of large stocks in the hands of investors and speculators is a matter of concern for the future stability of the industry.

Your Company raised its published price of platinum from the $380 per ounce ruling at the end of the previous financial year to $420 per ounce on 19th December, 1979, and then to its present level of $475 on 28th August, 1980. This, together with higher prices for the by-products and improved sales volumes for most metals, resulted in gross revenue being substantially greater in financial year 1980 than in the previous year.

TECHNICAL

The mines continue to operate smoothly and productivity increases have compensated to some extent for the effect of general inflation on working costs and, in particular, for the significant wage increases granted to Black employees. The expansion of capacity at Amandelbult section for the automobile contract announced last year has been implemented and the second smelter at Union section has been completed. Construction of the new nickel/copper refinery for MRR is on schedule and the plant is due to come on stream in the latter half of 1981. Prospecting operations in the Potgietersrust area are nearing completion but it will take some time before the metallurgical and feasibility studies are completed.

Expenditure on mining assets amounted to R84 million during the year. Of this, R32 million was charged to the renewals and replacements reserve.

FINANCIAL

The higher metal prices and larger sales volumes raised turnover and profit to record levels. These levels would have been even higher but for the persistent strengthening of the Rand against the Dollar; the consequent reduction in Rand receivables was ameliorated partially by extensive use of the forward cover mechanism. Whereas stocks of platinum are valued at cost, by-metals are valued at a nominal R2.00 per unit; hence the book value of by-metal stocks has remained virtually unchanged over the year despite the increases in metal prices.

Your Company has made good progress towards its objectives of establishing a sound financial base. By the end of the financial year, all borrowings had been repaid and cash deposits exceeded R42 million.

CHANGE IN ACCOUNTING POLICY

In accordance with the accounting procedures conventionally adopted in the mining industry, your Company's reported profit after taxation has in previous years contained an element of tax relief arising from capital expenditure of an expansionary nature. Since such expenditure had not been charged against profits, this procedure led to an enhancement of the reported profit after taxation. To avoid this anomaly, tax normalisation equating with the element of tax relief on expansionary projects has now been introduced into the accounts. The sum of tax normalisation and the actual provision for taxation is therefore equivalent to the taxation which would normally (hence "normalisation") have arisen had there been no expenditure of expansion capital.

The difference in the profit after taxation brought about by this change in accounting procedure has no effect on the financial situation of the Company; its cash position and ability to pay dividends remain unchanged.

For and on behalf of the Board
G. H. Waddell
K. W. Maxwell } *Directors*

DECLARATION OF DIVIDEND

Dividend No. 53 of 27.5 cents per share, South African currency, has been declared payable to members registered in the books of the Company at the close of business on the 24th October, 1980. The dividend is declared subject to the conditions which can be obtained from the Company's Head Office or from the office of the London Secretaries (Barnato Brothers Limited of 99 Bishopsgate, London EC2M 3XE).

Subject to the said conditions, payments by the London Secretaries will be made in United Kingdom currency at the rate of exchange quoted by the Company's bankers on 10th November, 1980, provided that in the event of the Company's bankers being unable to quote such a rate of exchange on that day, then the currency of the Republic shall be converted at the rate of exchange quoted by the Company's bankers on the next succeeding day on which such a rate is quoted.

Dividend warrants will be posted either from the Johannesburg office or the office of the London Secretaries as appropriate on 20th November, 1980.

South African Non-Resident Shareholders' Tax at the rate of 15% and United Kingdom Income Tax will be deducted from the dividend where applicable.

The Share Transfer Books and Register of Members will be closed from 25th October, 1980 to 2nd November, 1980, both days inclusive.

By Order of the Board
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per C. E. Jones

Head Office and Registered Office
Consolidated Building,
Corner Fox and Harrison Streets,
Johannesburg, 2001.
(P.O. Box 590, Johannesburg, 2000),
8th October, 1980.

CURRENCIES, MONEY and GOLD

£ & $ steady

Trading in yesterday's foreign exchange market continued to show little activity, and major currencies moved within narrow ranges. The dollar was only slightly easier, with Euro-dollar rates showing hardly any change from Tuesday. Against the D-mark, the U.S. unit finished at DM 1.8035 against DM 1.8045 previously, and SwFr 1.6385 from SwFr 1.6390 in terms of the Swiss franc. The Japanese yen was also steady, with the dollar quoted at Y208.30 against Y208.85. On Bank of England figures, the dollar's trade-weighted index was unchanged at 83.4.

Sterling was unchanged on balance, and this was reflected in its trade-weighted index which remained at 75.8 at all three of the day's calculations, unchanged from Tuesday's close. Against the dollar it opened at $2.3930-2.3940, and closed at the same level, to show a rise of 15 points from Tuesday. The spread for the whole day was only $2.3915-2.3955, and most trading was seen at $2.3930-2.3940.

D-MARK—One of the weaker members of the European Monetary System and lower against the U.S. dollar on firmer U.S. interest rates. The German currency is close to a four month low against the dollar, and a four year low against sterling—The D-mark showed little overall change at yesterday's fixing in Frankfurt, improving against the dollar and sterling, but easing in terms of the Swiss franc and Belgian franc. Sterling was fixed at DM 4.3140 against DM 4.3150, while the Swiss franc rose to DM 1.1023 from DM 1.1002. The Belgian franc was higher at DM 6.231 per BFr 100 from DM 6.229. The dollar was lower at DM 1.8033 compared with DM 1.8045 in quiet trading. Rumours of a possible easing in U.S. prime rates were countered by the possibility of a similar move in German rates, while the Middle East conflict remained more in the background.

BELGIAN FRANC—Remaining weak within the EMS, despite central bank support, following resignation of Government and Middle East war, plus higher oil prices—The Belgian franc was slightly firmer in Brussels yesterday, rising in terms of the U.S. dollar and Dutch guilder, but easing against the D-mark and French franc. The dollar was fixed lower at BFr 28.9375 compared with BFr 28.99 on Tuesday, and the Dutch guilder eased to BF 14.763 from BFr 17.769. On the other hand the D-mark rose to BFr 16.0525 from BFr 16.0485 and the French franc was higher at BFr 6.92 from BFr 6.9175. In the week ending October 6, Belgium's currency reserves fell by BFr 2.8bn to BFr 108.8bn, with the fall attributable mainly to assistance given by the central bank to the Belgian franc in view of its current weakness.

JAPANESE YEN — Continues to improve especially against the dollar, as fears of oil supply disruptions ease, despite Middle East unrest. The yen is now around an 18-month high against the dollar, reflecting a fundamental improvement in the Japanese economy. The yen was slightly firmer in Tokyo yesterday, with the dollar closing at Y208.00 compared with Y208.40 on Tuesday. It opened at Y208.70, and fell briefly to Y207.75, although central bank intervention was not easily detectable. The market was still influenced by the Middle East conflict, and trading was subdued somewhat ahead of the long weekend in Japan.

THE POUND SPOT AND FORWARD

Oct. 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3815-2.3955	2.3930-2.3940	0.87-0.77c pm	4.11	1.85-1.55 pm	2.87
Canada	2.7885-2.7955	2.7915-2.7925	1.47-1.37c pm	6.10	2.80-2.70 pm	3.84
Nethlnd.	4.68-4.71	4.69-4.70	2⅛-1⅛c pm	5.75	6⅞-5⅞ pm	5.01
Belgium	69.70-69.40	69.30-69.40	23-13c pm	3.11	40-30 pm	2.02
Denmark	13.28-13.31	13.29-13.30	¼orepm-1¼oreds	−0.45	4½-5½ dis	−1.54
Ireland	1.1425-1.1485	1.1445-1.1455	0.25-0.18p pm	2.15	0.47-0.38 pm	1.48
W. Ger.	4.30-4.33	4.31½-4.32½	3½-2½pf pm	7.29	7½-6½ pm	6.48
Portugal	119.70-120.40	119.85-120.05	par-45c dis	−2.25	15-130 dis	−2.42
Spain	176.45-176.70	176.60-176.70	70-110c dis	−6.11	280-340 dis	−7.17
Italy	2052-2056	2053½-2054½	8¾-10¾lire dis	−5.70	47¾-44¾ dis	−8.42
Norway	11.60-11.63	11.61¼-11.62¼	4½-3ore pm	3.94	10¼-9¼ pm	3.44
France	9.99½-10.02½	10.00½-10.01½	4-3c pm	4.20	8¼-7¼ pm	3.18
Sweden	9.92½-9.95½	9.94¼-9.95¼	1½-1½ore dis	−1.58	½-1½ dis	−0.33
Japan	495-502	498½-499½	3.00-2.65y pm	6.80	6.05-5.70 pm	4.71
Austria	30.47-30.60	30.52-30.57	12-8gro pm	4.13	22-17 pm	2.55
Switz.	3.90½-3.93½	3.92-3.93	4-3c pm	10.70	10-9 pm	9.66

Belgian rate is for convertible francs. Financial franc 69.80-69.90. Six-month forward dollar 1.77-1.67c pm. 12-month 2.10-1.95c pm.

THE DOLLAR SPOT AND FORWARD

Oct. 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3815-2.3955	2.3930-2.3940	0.80-0.73c pm	4.11	1.60-1.50 pm	2.67
Ireland†	2.0885-2.0910	2.0880-2.0908	0.40-0.30c pm	2.01	0.70-0.60 pm	1.24
Canada	1.1670-1.1687	1.1678-1.1681	0.31-0.25c pm	2.93	0.55-0.50 pm	1.80
Nethlnd.	1.9590-1.9606	1.9596-1.9606	0.37-0.27c pm	1.96	1.17-1.07 pm	2.29
Belgium	28.91-28.975	28.96-28.975	1.00c pm-par	0.21	3.0-1.5 pm	0.31
Denmark	5.5555-5.5585	5.5580-5.5595	2.00-2.50ore dis	−4.86	5.75-6.25dis	−4.32
W. Ger.	1.8010-1.8040	1.8030-1.8040	0.53-0.49pf pm	3.39	1.75-1.70 pm	3.83
Portugal	50.10-50.20	50.07-50.17	18-33c dis	−6.11	40-85 dis	−4.99
Spain	73.78-73.85	73.60-73.80	55-70c dis	−10.18	170-190 dis	−9.77
Italy	858.60-859.00	858.65-858.95	6.75-7.75ore dis	−10.97	23-25 dis	−11.18
Norway	4.8500-4.8535	4.8525-4.8535	0.30orep-0.20oreds	0.62	1.40-0.90 pm	0.95
France	4.1805-4.1845	4.1800-4.1815	0.13-0.03c pm	0.23	0.60-0.50 pm	0.53
Sweden	4.1535-4.1555	4.1540-4.1555	0.80-0.95ore dis	−2.53	2.80-3.95dis	−3.25
Japan	208.10-208.50	208.25-208.35	0.45-0.30y pm	2.18	1.15-1.00 pm	2.13
Austria	12.752-12.765	12.752-12.762	0.70-0.10gro pm	0.38	1.75-par	0.27
Switz.	1.6333-1.6380	1.6380-1.6390	1.00-0.95c pm	7.14	3.00-2.95 pm	7.28

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Oct. 8	Bank of England Index	Morgan Guaranty Changes%
Sterling	75.8	−29.9
U.S. dollar	83.4	−10.1
Canadian dollar	80.3	−17.5
Austrian schilling	154.8	+84.1
Belgian franc	114.4	+13.0
Danish kroner	106.2	−4.9
Deutsche mark	153	+43.0
Swiss franc	197.6	+80.8
Guilder	125.7	+19.9
French franc	100.5	−6.1
Lira	52.2	−51.8
Yen	137	+34.6

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Oct. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.550663	0.587308
U.S. $	11	1.31680	1.40408
Canadian $	11.80	1.53736	1.63866
Austria Sch.	6¾	16.8116	17.9180
Belgium F	12	38.1740	40.6410
Danish K	12	7.32536	7.81019
D'mark	7½	2.37617	2.53340
Guilder	8½	2.58584	2.75438
French Fr.	9½	5.51871	5.87747
Lira	16½	1132.12	1207.16
Yen	8.25	274.158	294.576
Norwgn. Kr.	9	6.39504	6.81590
Spanish Pts.	8	97.1074	103.551
Swedish Kr.	10	5.47328	5.83488
Swiss Fr.	3	2.15929	2.29932

OTHER CURRENCIES

Oct. 8	£	$		£ Note Rates
Argentina Peso	4624-4644	1934-1941	Austria	30.40-30.70
Australia Dollar	2.0325-2.0345	0.8500-0.8503	Belgium	69.15-69.80
Brazil Cruzeiro	137.04-138.04	57.39-57.59	Denmark	13.22-13.23
Finland Markka	8.73-8.74	3.6505-3.6515	France	9.96-10.04
Greek Drachma	102.062-104.518	42.65-42.80	Germany	4.29½-4.33½
Hong Kong Dollar	11.980-11.998	5.0110-5.0130	Italy	2040-2150
Iran Rial	n.a.	n.a.	Japan	496-501
Kuwait Dinar(KD)	0.636-0.642	0.2671-0.2673	Netherlands	4.67½-4.71½
Luxembourg Frc.	69.30-69.40	28.96-28.98	Norway	11.58-11.68
Malaysia Dollar	5.07-5.08	2.1210-2.1230	Portugal	118-121
New Zealand Dlr.	2.4370-2.4390	1.0180-1.0191	Spain	171½-181½
Saudi Arab. Riyal	7.91-7.97	3.3185-3.3205	Sweden	9.91-10.01
Singapore Dollar	5.0145-5.0345	2.0975-2.0995	Switzerland	3.90-3.95
Sth. African Rand	1.7965-1.7980	0.7505-0.7510	United States	2.38¾-2.39¾
U.A.E. Dirham	8.79-8.85	3.6870-3.6890	Yugoslavia	72¾-74¾

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.6485	+2.16	+0.88	±1.53
Danish Krone	7.72336	7.80723	+1.09	−0.19	±1.64
German D-Mark	2.48208	2.53333	+2.06	−0.78	±1.125
French Franc	5.84700	5.87668	+0.51	−0.77	±1.3557
Dutch Guilder	2.74362	2.75434	+0.39	−0.89	±1.512
Irish Punt	0.668201	0.672279	+0.61	−0.67	±1.668
Italian Lira	1157.79	1206.60	+4.22	+3.24	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 8	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.394	4.320	498.8	10.01	3.925	4.695	2054.	2.792	69.35
U.S. Dollar	0.418	1.	1.805	208.4	4.182	1.640	1.962	858.2	1.166	28.97
Deutschemark	0.231	0.554	1.	115.5	2.317	0.909	1.087	475.5	0.646	16.05
Japanese Yen 1,000	2.005	4.799	8.662	1000.	20.07	7.870	9.414	4118.	5.598	139.0
French Franc 10	0.999	2.391	4.316	498.3	10	3.921	4.690	2052.	2.789	69.28
Swiss Franc	0.255	0.610	1.101	127.1	2.550	1.	1.196	523.3	0.711	17.67
Dutch Guilder	0.213	0.510	0.920	106.2	2.132	0.836	1.	437.5	0.595	14.77
Italian Lira, 1,000	0.487	1.165	2.103	242.8	4.873	1.911	2.286	1000.	1.359	33.76
Canadian Dollar	0.358	0.857	1.547	178.6	3.585	1.406	1.682	735.7	1.	24.84
Belgian Franc 100	1.442	3.451	6.229	719.2	14.43	5.660	6.770	2962.	4.026	100.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 8)

3 months U.S. dollars		6 months U.S. dollars	
bid 12 5/16	offer 12 7/16	bid 12 5/8	offer 12 3/4

The fixing rates are the arithmetic means, rounded upwards to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Oct. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	15½-15¾	12¼-12½	9½-10½	9⅝-9⅞	2¼-2½	8½-8⅝	11½-11¾	14-17	12-12⅛	10-10½
7 days' notice	15½-15¾	12⅜-12⅝	9½-10½	9½-9 11/16	3-3¼	8½-8⅝	11⅞-12⅛	18½-21	10¼-10⅜	10-10½
Month	15⅝-15⅞	11 13/16-12 1/16	9⅞-10¼	9¾-10	4⅞-5	8⅜-8⅝	12⅛-12⅜	21-22¼	11¾-11⅞	10¾-10⅞
Three months	15-15¼	12⅜-12⅝	10⅞-11¼	10-10¼	5 7/16-5 9/16	8½-8⅝	12⅜-12⅝	23¼-24¼	12 3/16-12 5/16	10¾-10⅞
Six months	14⅛-14⅜	12⅝-12⅞	11⅝-12	10½-10 11/16	5 7/16-5 9/16	8½-8⅝	12⅞-13⅛	23½-24½	12 7/16-12 9/16	10⅜-10⅝
One Year	13½-13¾	12⅜-12⅝	11⅞-12¼	10⅛-10 5/16	5 7/16-5 9/16	8 7/16-8 9/16	13-13⅛	22½-23½	12 7/16-12 9/16	9¾-10

Long-term Eurodollar two years 12⅝-12⅞ per cent; three years 12⅝-12⅞ per cent; four years 12⅝-12⅞ per cent; five years 12⅝-12⅞ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 12.75-12.85 per cent; three-months 12.80-12.70 per cent; six-months 12.50-12.60 per cent; one-year 12.40-12.50 per cent.

INTERNATIONAL MONEY MARKET

Dutch rates stable

Conditions remained comfortable in the Dutch money market, with call money unchanged at 9½ per cent. Short-term deposit rates were slightly easier, while commercial banks have found no difficulty in meeting increased demand for money due to corporate tax payments. The market's overdraft position at the central bank increased for the first time in three weeks, but the deficit stayed within the bounds of the National Bank's official quota. The authorities special loan facility ends on October 15, but may be extended if tighter conditions follow the latest issue of seven-year bonds with a coupon of 10¼ per cent.

Singapore has raised its discount rate.

The Monetary Authority of Singapore has raised its discount rate for bank bills to 10½ per cent from 10 per cent, and its export bills discount rate to 9 per cent from 8½ per cent. Recent official intervention in the money market had led to an easing of short term interest rates, while the latest offer of only S$20m in 91 day Treasury bills, compared with maturities of S$70m has also helped relieve tightness in the money market following the closure in mid-September of the discount window, the facility by which the discount houses borrow from the authorities to relieve market shortages. The latest action to increase rates follows the rise in prime lending rates, particularly by foreign banks based in Singapore.

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave small assistance by buying a small amount of Treasury bills from the discount houses and banks, a small number of local authority bills from the houses, and by lending a small amount overnight to one or two houses at Minimum Lending Rate.

Banks brought forward run down balances from Tuesday, and the market was also faced with the unwinding of a large sale and repurchase agreement of bills. On the other hand the rate support grant helped create a surplus of Government disbursements over revenue payments to the Exchequer.

Discount houses paid 15-15½ per cent for secured call loans, with rates opening around 15½ per cent, and closing at 15-15½ per cent.

In the interbank market overnight loans opened at 16-16½ per cent and fell to 14-14½ per cent in the afternoon before closing around 15 per cent.

GOLD

Little change

Gold lost $2 an ounce in the London bullion market yesterday to close at $675-678. Trading was extremely quiet, and featureless, and as a result, gold traded within a very narrow range. It opened at $672-675 and traded between a high of $677-679, and a low of $671½-673½. Most business was seen in the $673-675 range.

In Paris the 12½-kilo bar was fixed at FFr 90,700 per kilo ($674.49 per ounce) in the afternoon, compared with FFr 90,700 ($674.89) in the morning and FFr 91,400 ($678.31) on Tuesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 39,060 per kilo ($673.95 per ounce) against DM 38,350 ($678.46) previously.

	Oct. 8		Oct. 7	
Gold Bullion (fine ounce)				
Close	$675-678	(£282-283¼)	$677-680	(£283¼-284¼)
Opening	$672-675	(£280½-281¾)	$677-680	(£283¼-284½)
Morning fixing	$674.50	(£281.770)	$679.50	(£284.013)
Afternoon fixing	$677.00	(£282.826)	$678.15	(£283.804)
Gold Coins				
Krugerrand	$695-697	(£290½-291½)	$697-699	(£291½-293)
1/2 Krugerrand	$356-361	(£148-151)	$356-361	(£148-151)
1/4 Krugerrand	$180-184	(£74-77)	$181-185	(£74½-77½)
1/10 Krugerrand	$72½-75½	(£30½-31½)	$73-76	(£30.60-31.80)
Mapleleaf	$688½-689½	(£287½-289)	$691-695	(£289-292)
New Sovereigns	$170¾-172¾	(£71¼-72¼)	$171½-172½	(£71¾-72½)
King Sovs	$192½-194½	(£80½-81½)	$194-196	(£81-82)
Victoria Sovs	$192½-194½	(£80½-81½)	$194-196	(£81-82)
French 20s	$169½-172½		$169½-172½	
50 pesos Mexico	$833-836		$840-843	
100 Cor. Austria	$655-659		$660-664	
$20 Eagles	$780-784		$781-785	

MONEY RATES

NEW YORK	
Prime Rate	13½-14
Fed. Funds	12-12¼
Treasury Bills (13-week)	11.48
Treasury Bills (26-week)	11.28
GERMANY	
Discount Rate	7.50
Overnight Rate	8.95
One month	8.975
Three months	8.80
Six months	8.80
FRANCE	
Discount Rate	9.5
Overnight Rate	11.625
One month	11.625
Three months	11.8125
Six months	12.00
JAPAN	
Discount Rate	8.25
Call (Unconditional)	11.1875
Bills Discount (three-month)	11.40625

LONDON MONEY RATES

Oct. 8 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	14-16⅜	—	—	—	16¾-16¼	15-15⅞	—	—	—
2 days notice	—	—	16-16⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16-16¼	16⅛-16¼	—	16⅜	16⅜-16½	15⅜-15½	—	—	—
One month	16 1/16-15 15/16	16⅛-16 1/16	16-16⅛	16⅝-17	16¼	16⅝-16⅛	15⅜	14⅞	15⅞-15⅜	16⅜
Two months	15⅞-15¾	16⅝-16⅞	—	15¾-16⅛	16⅛	—	14¾-14⅞	14⅝	16 1/32-15⅞	16¼
Three months	15 11/16-15 9/16	16¼-16⅛	15⅝	15⅛-15⅞	15⅝	15¼-16	14½	14 11/32-14 ⅞	14⅞	15⅛
Six months	14½-14⅜	14¼-14⅝	14⅛-14⅝	14⅜-14¾	14⅞	14⅝-15⅛	—	—	13 9/16	14⅛
Nine months	13⅞-13¾	13⅞-14⅛	—	14⅛-14⅝	14 3/16	14⅛-14¾	—	—	—	—
One Year	13½-13⅝	13⅝-13⅞	13¾-13⅞	13¾-14⅛	14 1/16	13¾-14½	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13½ per cent; four years 13¾ per cent; five years 13¾ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14¾-14⅞ per cent; four-month trade bills 15⅜ per cent.

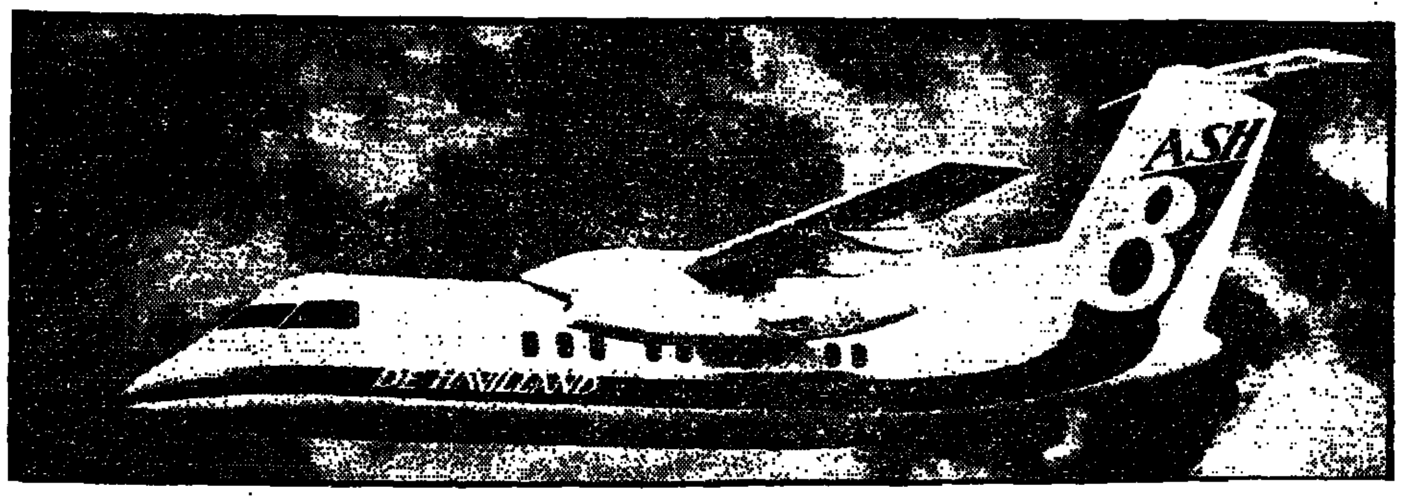
Approximate selling rate for one-month Treasury bills 14 11/32 per cent; two-months 14¼ per cent; three-months 14 5/32-14 3/32 per cent. Approximate selling rate for one-month bank bills 15 23/32-15 21/32 per cent; two-months 15 11/32 per cent; three-months 14 21/32-14 19/32 per cent; one-month trade bills 16⅜ per cent; two-months 15⅞ per cent and three-months 15¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18½ per cent from October 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.2617 per cent.

GROWTH OF COMMUTER AIRLINES

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

New market for turbo-prop aircraft



De Havilland of Canada's Dash 8 commuter twin-turbo-prop airliner: more than 90 orders and options so far

THROUGHOUT the world's aerospace industries, much emphasis is being placed on the development of a new class of airliner—the small, 20 to 40-seat, twin-engined "commuter" or "feeder-liner."

These aircraft are intended primarily to serve small communities where air services are either non-existent or minimal in comparison with the scheduled airlines' operations—but where considerable long-term potential for growth exists.

The world market for this type of aircraft is likely to amount to close to 10,000 aircraft, worth close to $50bn, by the end of this century. The U.S. market alone is then expected to account for about 5,000 aircraft, worth more than $25bn.

At the end of last year the U.S. commuter airline industry was operating about 1,350 of this class of aircraft. The industry is growing rapidly at an average of about 12 per cent a year, even in a period of recession which has severely hit the U.S. scheduled airlines.

The U.S. market has boomed in the past few years for several reasons. One is that increased gasoline prices and automobile speed restrictions have made it economically worth while to fly short distances instead of taking the car. Another is that the deregulation of airline operations, coupled with the business recession and soaring aviation fuel prices (already averaging close to $1 a gallon and expected to reach $2.80 a gallon by the end of the decade) has led many of the bigger airlines to drop jet air services to small communities.

This has left many of those communities wide open to the small commuter airlines, whose ambitions for the most part do not extend to jets. They find they can make money with smaller, cheaper-to-run turbo-propeller aircraft, seating anything upwards of 20 passengers a time. The aircraft also have the benefit of being quieter, and are thus more welcome in small communities.

There are about 50 commuter airlines in the U.S., and more enter the business every year. Last year they carried 12m passengers, or less than 4 per cent of the total air travel market of 317m passengers. But the expansion in the commuter business is such that before the end of this decade it is expected to account for about 10 per cent of the total U.S. travel market, which by then is expected to be well over 500m passengers a year.

U.S. commuter airlines make about 136,000 flights a week, from 630 communities, 359 of which are served exclusively by this form of airline. According to the Commuter Airlines Association of America, the average fare on a commuter trip last year was $40, and the collective revenues of the commuter airline industry were over $500m.

Outside the U.S., the commuter airline market is nowhere near as big. On this side of the Atlantic, this form of air service is still in its infancy, with only a bare handful of operators, such as Alidair, Brymon and Loganair in the UK. The reason is the comparatively denser network of surface transport, both road and rail, in Western Europe and the UK. This generally makes air travel for distances of less than 100-150 miles uncompetitive in both time and cost, unless there are terrain problems, such as water, to overcome.

Main cities

As a result, most short-haul air services in Western Europe and the UK are more of a regional than a commuter nature. In the UK they link the main provincial cities with London. There are only a limited number of "cross-country" operations, such as from Birmingham to Norwich, or Glasgow to Exeter.

Moreover, the history of commuter-type air services in Western Europe and the UK is not encouraging. There have been many attempts to start such operations over the past 30 years. The majority of them have foundered, either because of over-ambition (such as the use of aircraft too big for the route) or because of the failure of traffic to emerge even when airlines have begun operations in the belief that they could generate it.

It is significant that one of the most successful of the UK "commuter airlines," Brymon, which flies between Gatwick and the Midlands and the West Country, uses the small but highly profitable Canadian 19-seat Twin Otter short take-off airliner. Well over 700 of these aircraft, which can use grass airfields with minimal facilities, have been sold worldwide. Brymon is about to acquire the larger, 50-seat de Havilland Canada Dash Seven for oil support operations, but will use these and its Twin Otters on its UK Commuter routes and to the Channel Isles.

The need for small, rugged, reliable and cheap-to-buy and fly aircraft is even more pressing in the Third World, where terrain difficulties frequently keep communities which are only 50 miles or so apart isolated from each other. In those countries, the aeroplane is being increasingly used as a tool for social as well as economic development.

While there is undeniably a demand for jets in the larger, front-line flag airlines in those countries, there is an even bigger but virtually untapped demand for smaller, cheaper, and simpler aircraft. Estimates of this market are difficult to come by, but most manufacturers believe it could run to several thousand aircraft (outside the U.S.) by the end of this century.

These are the main reasons for the growth of interest in the smaller turbo-prop transport aircraft. There is, however, another cogent factor—these types are less expensive to develop than the bigger jets. For the most part, it is a field left wide open by the bigger manufacturers, such as Airbus Industrie (which includes participation from British Aerospace and Aerospatiale), Boeing, Fokker, Lockheed and McDonnell Douglas.

The range of jet aircraft offered by these makers can cope with anything between 70-80 and 400-plus passengers a time. None of the smaller manufacturers wants to pick a fight with these giants. Equally, apart from British Aerospace, which already has commuter-type aircraft flying (the HS-748) or under development (the Jetstream 31), and Fokker with its F-27 Friendship, none of the bigger builders is interested in the smaller end of the market.

Thus, it is wide open for the rest. They are scrambling in as fast as they can, as the wide variety of designs unveiled at the recent Farnborough international air show demonstrated.

Well out in front is de Havilland Aircraft of Canada. This manufacturer has built and sold over 700 of its 19-passenger Twin Otters and over 100 of its 50-seat, four-engined Dash Seven turbo-prop aircraft, in recent years. It is now developing the new, 32-36 seater Dash 8 twin-turbo-prop airliner, with Canadian Government cash aid. This is due to fly in early to mid-1983, with first deliveries to airlines in mid-1984. So far the company has won orders and options for more than 90 Dash 8s.

Developing

In Brazil, Embraer, a company formed only 11 years ago, has already sold more than 280 of its 18-20 seat twin-engined Bandeirante airliners. It is developing the 30-seat twin-engined EMB-120 Brasilia, which is due to fly in 1982, with deliveries in 1984.

• In the UK, British Aerospace has been building the HS-748 twin-engined 50-seater for years, with 350, worth more than £500m, already sold. Although rather larger than the present commuter airliner market perhaps requires, the company is nonetheless bidding for a share of the business. It is taking a 748 round the U.S. on a wide-ranging sales tour, hoping to win new contracts.

At the smaller end of the market, the BAe Jetstream 31, a 19 seater, is also under development; the prototype has been flying for some months.

The same group's four-jet engined 146 airliner, under development for a maiden flight next spring, is a much larger aircraft than the commuter airlines need. It seats between 80 and 100 passengers according to model, and so is more likely to be acquired by the larger regional airliners.

Short Brothers of Belfast has also had considerable success with its original Series 330 30-seat twin-engined Commuter-liner, selling over 70 aircraft. The company is also offering the larger 36-seat Series 360, for which the first orders (for four aircraft) were announced at Farnborough, from Suburban Airlines, a commuter operator of Reading, Pennsylvania.

Behind these aircraft there is an impressive line-up of new designs, all earmarked for service in the early to mid-1980s. Beechcraft, one of the world's biggest builders of light aircraft, has developed the 19-seat Commuter 1900, which is due to fly in 1982, with deliveries in 1983.

In France, Aerospatiale has been working on a design for a twin-engined aircraft called the AS-35, whilst in Italy, Aeritalia has also been studying the commuter market. These two companies are considering the possibility of a joint venture, merging their own individual designs.

In Sweden, Saab-Scania has joined forces with Fairchild Industries of the U.S., to develop the 34-seat twin-engined Saab-Fairchild 340, with certification planned for late 1983. The first orders, from airlines in Switzerland, Sweden and Australia, are in negotiation, indicating that this aircraft can meet the needs of operators widely scattered outside the U.S.

In West Germany, Dornier is developing 15 and 19-seat versions of its existing range of smaller Utility aircraft, the Series 228-100 and 200, with prototype aircraft expected to appear at next summer's Paris International Air Show.

Finally, in Spain, CASA has been discussing with PT Nurtanio of Indonesia the development of the CN-235.

All these aircraft have certain features in common. Apart from the fact that they are all broadly in the short-range class, seating from 20 to 40 passengers, they are all twin-engined, and they all use turbo-propeller power-plants—mostly either the new Pratt & Whitney (Canada) PT7A or the new General Electric (U.S.) CT7-5, both of about 1,600 shaft hp.

Too late

In the UK, Rolls-Royce, anxious not to be left out of what could be a bonanza business in the next 20 years, is planning improvements to its existing Dart turbo-prop engine, but many believe it may already be too late, since most of the planned designs are already being built round one or another of the U.S. engines.

But the soaring cost of fuel has given the turbo-propeller engine a new lease of life, because of its lower consumption and noise levels compared with pure jet engines. Many manufacturers of commuter aircraft believe that this type of power-unit will become of increasing interest even to builders of bigger aircraft in the future.

Even Lockheed and McDonnell Douglas in the U.S. have made studies of the possibilities of equipping existing jets with turbo-propeller engines. They argue that what would be needed would be an entirely new design, and not some beefed-up version of an old engine.

If such an engine emerged, the development of a 100-passenger turbo-propeller powered airliner could be practicable for the late 1980s or early 1990s.

INTERNATIONAL COMPANIES and FINANCE

Hearing on Kaiser Resources takeover

By Robert Gibbens in Montreal

A KEY hearing is being held in Toronto today to decide whether Mr. Edgar Kaiser, chairman of Kaiser Resources and 14 other individuals close to Kaiser have received a better deal than public shareholders in a bid by British Colombia Resources Investment Corporation (BCRIC) for Kaiser Resources.

The hearing is being held jointly in Toronto by the Ontario Securities Commission and the British Colombia Superintendent of Brokers, and is held under the Securities Acts of both Provinces.

Meanwhile, Dome Petroleum, a leading energy resources operator based in Calgary, announced that it has sued Kaiser Resources for more than C$100m (U.S.$85m), and is seeking an injunction to prevent Kaiser from carrying out any corporate reorganisation or disposing of any assets.

Dome alleges that Kaiser breached terms of an agreement under which Dome bought Kaiser Petroleum for US$598m earlier this year.

Kaiser Resources is a major coal producer in Western Canada, holding long-term contracts to supply West German and Japanese steel mills. Its major stockholder is Mr. Kaiser, who is also chairman of Kaiser Steel, the troubled U.S. steel-maker which before the bid held 25 per cent of the equity of Kaiser Resources.

BCRIC offered C$55 a share for all the Resources shares of a minimum of 51 per cent. Already, about 9.5m or just over 51 per cent have been tendered, requiring an outlay of over C$500m (U.S.$425m).

However, BCRIC says it will *not take up or pay for any* shares until a decision is reached at the Toronto regulatory hearing.

The main issue is whether Mr. Kaiser and other insiders close to the management of Resources would be getting a better deal than public shareholders after taking into account a series of agreements attached to the bid.

These provide, among other things, that Mr. Kaiser would pay C$15m cash for certain Kaiser Resources assets and that he would become a non-exclusive sales agent and a director of Kaiser Resources after selling his own interest in the company to BCRIC.

End of product shortfalls helps NCR boost profits

BY PAUL BETTS IN NEW YORK

NCR CORPORATION, a major U.S. computer and office equipment group, yesterday reported increased third quater revenues and net income stemming from improvements in the output of a number of products which had suffered production shortfalls

Net income for the quarter rose by 15 per cent to $54.5m compared with last year's third quarter net income of $47.3m or from $1.74 a share to $2.03. In the first nine months of this year, net income totalled $136.7m as against $136.3m. Earnings per share were $5.11 compared with $5.09.

Third quarter revenues totalled $792.3m, representing a 12 per cent increase over the $706.7m reported for the third quarter in 1979. Revenues in the first nine months of the year amounted to $2.2bn, or 11 per cent up on the total for the first three quarters of 1979.

Mr. William Anderson, the NCR chairman, said that incoming business for the quarter showed a slight gain on the same period last year and that increased *order volumes from* international markets were continuing to offset a decline in domestic orders.

According to Mr. Anderson third quarter results had reinforced earlier expectations that earnings for 1980 would top last year's record earnings of $234.6m.

● In another development in the electronics business, Motorola, the U.S. semiconductor concern, said yesterday it had reached an agreement in principle with Toko of Japan to form a joint venture in Japan to manufacture semiconductor products. Under the terms of the agreement, Motorola will buy a 50 per cent stake in Aizu-Toko, a subsidiary *of* Toko which manufactures metal-oxide silicon integrated circuits.

The joint venture will give Motorola an established semiconductor producing facility in Japan enabling it also to introduce several of its metal oxide silicon products to Aizu-Toko's current product line.

Institutions bolster troubled fund

BY IAN HARGREAVES IN NEW YORK

SALOMON BROTHERS of New York and the First National Bank of Chicago have stepped in to avert a threated loss of confidence in Institutional Liquid Assets (ILA) a large Chicago-based fund which manages portfolios for institutional investors.

The actions taken will initially cost Salomon $700,000 and First Chicago $1m. In addition, both companies have agreed to waive indefinitely fees for their part in managing ILA's Government securities portfolio, where the problems arose.

The nature of the liquidity difficulties encountered by ILA's Government securities arm, with assets of $956m out of ILA's total assets of $3.2bn, is highly technical.

But problems stemmed from the recent rapid increases in U.S. interest rates. Because the spread of maturities in ILA's portfolio was ill-balanced, customers of ILA found they could get a better return by withdrawing their funds and placing them in short-term securities.

The drop in ILA Government bond portfolio yields put the *fund* in breach of certain Securities and Exchange Commission requirements. This, together with a desire to ensure the stability of ILA, prompted Salomon and First Chicago to take immediate action.

First Chicago, the fund's investment adviser, paid out $1m in previous advisory fees and Salomon paid $700,000 in excess of market value for a tranch of ILA securities.

The actions taken are designed to keep the value per unit of securities in the ILA Government band portfolio comfortably above the level required by the SEC.

Salomon Brothers said it was prepared to suffer losses because it valued its relationship with ILA and because it had handled distribution of the fund's securities on the basis that clients would not suffer any change in the principal value of their units.

First Chicago, a bank which has suffered many problems of management and profitability in the last year, said recently that it would provide $47m for third quarter losses on its own loans portfolio.

Third-quarter earnings downturn for Mead

BY OUR FINANCIAL STAFF

MEAD CORPORATION, the Ohio forest products group, saw net profits turn down by 13 per cent in its third quarter after having held up reasonably well in the opening six months

For the quarter profits were $32.48m compared with $37.43m in the corresponding period in 1979, while sales were $692.1m, up from $674.7m. Basic earnings per share came out at $1.22 against $1.44 while fully dilited earnings were $1.19

However, Mead is pleased by the nine-month total, which was only 5.8 per cent lower at $99.66m compared with $105.83m, on sales ahead from $1.94bn to $2.02bn.

Basic earnings per share for the nine months were $3.76 against $4.08 and $3.66 compared with $3.89 fully diluted.

Hot weather benefits Whirlpool

By Our Financial Staff

WHIRLPOOL CORPORATION, the domestic appliance group was boosted by increased domestic air conditioner sales as a result of hot weather in the U.S. in its third quarter. Profits for the period improved to $32.85m, or 91 cents a share, from $30.71m, or 85 cents. Sales were up from $620.2m to $631.2m.

Dollar Eurobond prices decline

By Francis Ghiles

THE PRICES of fixed interest rate dollar denominated bonds declined by half a percentage point yesterday as news that four new issues were about to be launched reached the market.

The decline in prices, however, was more the result of dealer nervousness than any selling pressure from investors. Indeed, dollar interest rates were slightly easier again for the third consecutive day.

Morgan Stanley International is arranging two bond issues, both on a "bought" basis, a $200m issue for Citicorp and a $100m note for General Motors Overseas Finance.

The Citicorp notes carry a coupon of 12 per cent for seven years and are priced at 99½, while the General Motors notes, which are guaranteed by the U.S. parent company, carry a coupon of 11¾ per cent for seven years and will be priced at 99¾. Both issues offer what many dealers believed were very tight terms and both were quoted at a large discount in pre-market trading.

Citicorp was expected to arrange a $300m domestic bond in the New York market but this was cancelled at the last minute on Tuesday night and switched, albeit in reduced form, to the Eurobond market.

The switch appears to have been the result of the better terms offered by Morgan Stanley as compared with those mooted by the two lead managers of the potential U.S. domestic issue had offered. The difference in favour of the borrower is believed to have amounted to 36 basis points.

Two other straight dollar bond issues were announced last night, a $25m eight-year bond for NZ Forest Products, of New Zealand, through Kidder Peabody, and a $50m 15-year bond for Ingersoll Rand through Smith Barney.

The first carries an indicated coupon of 12¾ per cent and an indicated price of par. It can be called at the borrower's option at 103 at *the end of the second year*, 102 at the end of the third, 101 at the end of the fourth and at par after the fifth year. The bond for Ingersoll Rand carries an indicated coupon of 13¼ per cent.

China office for Ernst & Whinney

By Michael Lafferty

ERNST AND WHINNEY, one of the largest international accounting firms, is to open an office in China. It is thought that it will become the first Western accounting firm to open there since the Communist revolution in 1949.

Ernst and Whinney, whose international headquarters is in Cleveland, Ohio, is sending Mr. David T. Ma, a native of Shanghai, to become its resident partner in Peking.

The firm says it will offer assistance to Western businesses and other institutions as well as to ministries and agencies of the Chinese state.

One of Ernst and Whinney's first assignments in China will be to present a seminar for senior management personnel on costing, operations controls, computers, and budgeting.

In addition to this, Ernst and Whinney has signed an agreement to train Chinese accountants in accounting and auditing procedures.

Greyhound president resigns

By Our New York Staff

MR. ROBERT SWANSON, a former chairman of General Mills Europe and one time head of the Benson advertising agency in London, has resigned from his post as president of Greyhound Corporation after only eight months in the job.

Greyhound, the Arizona-based company best known for its long-distance bus operations but also heavily involved in road haulage and food services, issued a terse statement announcing the resignation.

Mr. Swanson, 47, had been regarded as the almost certain successor to Mr. Gerald Trautman, Greyhound's chairman, who is nearing retirement age. But as with many other U.S. executives drafted into the number two spot in a large company, Mr. Swanson apparently could not co-exist with his superior.

Mr. Swanson's career at General Mills, which began in 1956, was regarded as an excellent qualification for the next leader of Greyhound as it continues its heavy diversification efforts.

Mr. Swanson left General Mills for two years between 1969 and 1971 to head Bensons, the UK affiliate of Needham, Harper and Steers, before returning

MORGAN GUARANTY REPORT

Euromarket borrowers to step up pace

BY PETER MONTAGNON

THE EXTERNAL financing requirements of the most active Euromarket borrowers in both the industrialised countries and the developing world are likely to increase sharply next year, even assuming a modest 1 per cent real increase in the price of oil, according to a study by Morgan Guaranty Trust.

Among non-oil developing countries the 12 largest borrowers will face a total gross commercial borrowing requirement of $44.5bn compared with $36.5bn this year and only $31.7bn in 1979. The 10 major borrowers in the industrialised world will need $39.9bn in 1981 compared with $33.7bn and $21.2bn respectively.

Brazil alone will face $4bn increase in its gross external financing requirement from *commercial* banks next year, Morgan said in the study.

Moreover, its reserves are expected to drop by some $4bn this year, to around $5.7bn, severely limiting the potential use of reserves to fill its balance of payments gap. Indeed, in the developing country group reserve use potential will probably have been exhausted this year for every country except Argentina, Chile and India.

Bank lending to this group would thus have to grow by some 22 per cent next year to meet their commercial borrowing requirements compared with 20 per cent in 1980.

Growth of bank lending to the industrial country group would be slightly slower in 1981, falling to 18.2 per cent from 20.5 per cent in 1980, the bank says. But several countries within the group, notably Finland, Greece and Ireland, might have requirements calling for a 25 per cent to 30 per cent increase in bank lending.

A major question, which Morgan poses but carefully avoids answering directly, is whether banks can expand their lending at such rates next year. Part of the answer, it says, has to do with the medium-term balance of payments outlook for the countries concerned, but here the outlook is hardly encouraging.

Only in an "optimistic scenario" where there is no real increase in the price of oil would the payments deficits of both groups of oil-importing countries drop substantially by 1985. In a "base case" situation where real oil prices rise in line with assumed growth in the Organisation for Economic Co-operation and Development of about 3 per cent annually, the current account deficit of the 12 developing countries would remain at about $50bn by 1985.

Under Morgan's "pessimistic scenario" there would be a new surge in real oil prices in 1983 and 1984. This would leave aggregate balance of payments deficits in both groups of countries at a record high proportion of gross domestic product.

Only under the first "optimistic scenario" would the banks be able to continue to provide the bulk of the financing required, Morgan suggests. Under the "base" and "pessimistic scenarios" requirements for external finance from the banking system probably could not be met as bank lending would have to outstrip the expansion of both bank capital and domestic loan growth.

A realistic assumption, Morgan says, is that long-run expansion of international bank lending will be limited to around 15 per cent, in which case a substantial financing gap would emerge for both groups of countries unless the optimistic scenario turned out to be correct.

Without additional non-bank finance, growth rates in the developing countries would have to fall to an average 1 per cent by 1985 under the "pessimistic scenario" and 4 per cent under the "base case scenario." This compares with an assumed growth rate in the study of 5 per cent.

Such a slowdown would undoubtedly trigger adverse social and political developments, the bank warns, while it would also severely impair economic prospects for the industrial countries.

"The industrial countries should avoid an overly restrictive approach to LDC financing that would multiply recessionary forces within their own economies," Morgan concludes.

GROSS COMMERCIAL EXTERNAL BORROWING REQUIREMENTS ($bn)

	1979	1980‡	1981‡
* 12 major non-oil LDC's			
Current account payments deficit	22.3	38.3	45.1
Long-term debt repayments	15.5	16.6	17.4
Change in international reserves	+5.7	−3.3	−2.6
Gross commercial borrowing needs	31.7	36.5	44.5
† 10 industrial countries			
Current account payments deficit	14.3	25.3	26.3
Long-term debt repayments	10.3	12.4	14.1
Change in international reserves	+0.6	+0.7	+3.0
Gross commercial borrowing needs	21.2	33.7	39.9

* Argentina, Bolivia, Brazil, Chile, Colombia, India, South Korea, Philippines, Taiwan, Thailand, Turkey, Ivory Coast
† Denmark, Finland, Greece, Australia, New Zealand, Portugal, Spain, Yugoslavia, Ireland, Sweden
‡ Estimate

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on October 8

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¾ 90	50	84¼	84¾	−1¼	+1⅞	13.70
CECA 11½ 88	100	94⅞	95⅜	−0¼	+2½	12.55
Citicorp O/S Fin. 10 86	300	89⅞	90⅜	−0⅛	+1⅝	12.48
Con. Illinois O/S 9¾ 86	150	88⅝	89⅛	−0⅛	+1⅜	12.56
Denmark 11¼ 90	100	93⅛	93⅝	0	+2½	12.94
Dome Petroleum 13½ 92	50	101	101½	−1¼	+0⅜	13.25
EEC 11 95	75	87¾	88¼	−0⅜	+2⅛	12.83
EEC 11 95	70	87¼	87¾	−1¼	+1½	12.92
EIB 13¾ 90	100	103⅛	103⅝	−0⅜	+1⅜	13.05
Eksportfinans 9½ 87	75	86⅞	87⅜	0	+1¼	12.46
Elec. de France 10 88	125	88⅛	88⅝	−0⅛	+1⅜	12.37
Export Dv. Cpn. 12¾ 87	100	100⅝	101⅛	−0½	+1½	12.51
Export Dv. Cpn. 9½ 86	150	88⅞	89⅜	−0½	+1⅝	12.40
Federal Dev. Bk. 12¾ 85	75	99⅛	99⅝	−1⅛	+2⅛	12.39
Fin. Exp. Credit 10½ 85	50	90⅞	91⅜	−1⅛	+0⅞	13.10
Finland Rep. of 9½ 86	100	86⅛	86⅝	−0½	+0⅛	13.12
Ford O/S Fin. 12⅜ 85	250	98⅛	98⅝	−0⅛	+1⅞	13.06
George Weston 13½ 87	30	100	100½	−0¼	+0⅜	13.40
GMAC O/S Fin. 13⅜ 85	100	101⅝	102⅛	−0⅛	+0⅜	12.74
GMAC O/S Fin. 12 87	100	96	96½	−0⅛	−0⅞	12.84
Goodyear O/S 12½ 87	75	98	98½	−0⅛	+1⅞	12.87
Hudson's Bay 11½ 90	75	93⅛	93⅝	−0⅛	+2¼	12.68
IBM Canada 10½ 85	50	95⅜	95⅞	−0¼	+2	11.72
ICI Fin. Ned. 11 83	100	96½	97	−0½	+0⅞	12.45
Int. Harvester 12¾ 85	115	98⅛	98⅝	−0½	+1	13.16
McGraw 13½ 85	75	100½	101	−0⅛	+1½	13.21
NorWest Ind. 13⅜ 87	50	99¼	99¾	−0⅛	+0½	13.69
Nova Scotia 10¾ 90	50	88⅜	88⅞	−0⅜	+0½	12.84
OKB 10 85	50	92¼	92¾	−0⅛	+1	12.17
Pembroke Capital 9⅜ 87	100	†86⅛	86⅝	−0½	+0½	12.69
Pemex 11½ 88	100	92¾	93¼	−0⅜	+1⅜	12.96
Quebec Hydro 11½ 92	100	89⅞	90⅜	−0⅛	+1⅝	13.18
Repsteel O/S 11½ 88	100	88½	89	−0⅛	+1⅛	13.94
Roylease 11¼ 85	50	96⅛	96⅝	−0⅛	+0⅞	12.27
SNCF 12⅜ 85	50	100⅜	100⅞	−0½	+1⅜	12.14
Sweden 12⅜ 85	150	98½	99	−0¼	−0½	12.72
Swed. Ex. Cred. 12½ 85	40	98⅛	98¾	+0¼	+1	12.90
Transamerica 12⅜ 83	50	97¼	97¾	−0½	−0⅜	13.48
UB Finance BV 11 90	50	85¾	86¼	−0¼	+1⅛	13.65
Unilever NV 9¾ 90	100	84⅞	85⅜	−0⅛	+1½	12.45
World Bank 9¾ 85	200	91	91½	−0⅛	+1⅜	12.28
World Bank 10¼ 87	300	89⅞	90⅜	−0⅛	+1⅞	12.48

Average price changes... On day −0½ on week +1⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅞ 90	250	99⅝	100⅛	−0¼	−0⅛	8.11
Austria Rep. of 8⅛ 92	150	97½	98¼	−0¼	+1⅛	8.54
BFCE 7¾ 87	100	95⅜	95⅞	+0⅛	+0½	8.72
BFCE 8½ 95	100	96⅛	96⅞	0	+1½	8.55
Brazil 8 87	150	86⅝	87⅜	−0⅛	+1⅜	10.78
CECA 7⅞ 92	150	95	95¾	−0⅛	+1⅜	8.50
Denmark 7⅞ 86	100	97¼	98	−0⅛	+1⅛	8.43
Denmark 8¾ 92	100	98⅜	99⅛	−0⅛	+1	8.42
EEC 7⅞ 94	225	95⅛	95⅞	0	+1⅛	8.43
Finland Rep. of 8 86	150	96⅜	97⅛	−0¼	+1⅛	8.69
Iberduero SA 9 90	100	99⅜	100⅛	+0¼	+1⅜	9.03
Japan Dev. Bk. 7¾ 87	100	96¼	97	−0¼	+1⅛	8.28
Kobe, City of 8 90	100	97⅞	98⅝	+0¼	+0⅜	8.26
Mt. Bk. Denmark 8½ 90	150	98⅛	98⅞	0	+1⅜	8.72
Norway 7½ 85	250	99⅜	100⅛	+0⅛	+2½	7.56
Nuclebras 9¾ 88	100	98⅛	98⅞	+0⅜	+1⅜	10.03
OKB 8¼ 92	150	97¼	98	−0⅛	+0⅜	8.57
Oslo, City of 8¾ 90	80	100	100½	+0⅜	+0⅜	8.70
Sweden 9¾ 87	200	104⅛	104⅞	0	0	8.79
World Bank 8 90	700	96⅞	97⅝	−0⅛	+1⅜	8.42
World Bank 7⅞ 90	250	95½	96¼	−0⅛	+1⅞	8.53
World Bank 10 86	150	109⅛	109⅞	−0⅜	+2⅜	7.81
World Bank 10 90	200	110⅛	110⅞	0	+2⅜	8.35

Average price changes... On day −0⅛ on week +1½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5⅛ 90	100	99½	99¾	−0½	+1⅞	5.42
Bayer Int. Fin. 5¾ 92	100	99⅜	99⅝	+0⅛	+0⅜	5.34
Bergen, City of 6 90	50	102¼	102½	+0⅜	+1⅛	5.67
BMW Overseas 4¾ 91	100	87⅛	87⅜	+0⅛	+2	5.86
Buhrm'n-Tetterode 7 90	40	†104¾	105¼	−1⅛	+0⅛	6.28
Caisse Nat. Tele. 4½ 89	100	91⅞	92⅛	−1⅛	−0⅛	5.54
Copenhagen Tele. 5¾ 90	60	95	95½	+0½	+1	6.41
Denmark 5¾ 90	80	97¼	98	−0⅛	+0⅛	6.04
EIB 4⅛ 94	100	83	83¼	0	0	6.23
Elet. de France 4½ 89	100	91	91¼	−0⅜	+0½	5.68
Elet. de France 5⅞ 90	100	95¾	96	0	+1¼	5.81
F. G. H. Hypo. Bk. 6 90	50	†102½	103	−0½	+2	5.62
Finland Rep. of 5⅜ 90	80	94	94¼	−0⅜	+0⅛	6.45
GZB 4¾ 89	100	87½	87¾	−1¼	−0⅛	6.07
Int.-Amer. Dev. 4½ 89	100	90½	90¾	−0⅞	+0⅛	5.89
Int.-Amer. Dev. 7 90	80	103¾	104	−0⅛	−0¼	6.44
Jutland Tele. 5½ 90	50	98	98¼	−0⅛	+0⅜	5.78
Mt. Blanc Tunnel 5½ 90	80	98⅞	99⅛	+0⅜	+0⅝	5.63
Newag 5¾ 90	80	100⅝	100⅞	−0⅜	+0⅞	5.64
Nippon Tel. & T. 4¾ 89	100	91¾	92	+0½	+2½	5.42
Norges Komm 4¾ 91	100	86¾	87	+0⅛	+1¼	6.04
OKB 4⅝ 91	100	†86½	87	−0⅜	+1⅜	6.05
OKB 6 90	100	102½	102¾	−0⅛	−0¼	5.63
Oslo, City of 4¾ 91	100	†86½	87	+0⅜	+2	6.06
Phillips Lamps 5¾ 92	100	97½	97¾	−0½	+0⅞	5.53
Trade Dev. Fin. 6½ 90	80	96½	96¾	+0¼	+2	6.60
Sekisui Pre. Hms. 6 90	80	102¼	102½	0	+1⅛	5.67
Shikoku El. Pwr. 4¾ 89	100	93¼	93½	+0½	+1⅜	5.72
Voest-Alpine 5¾ 90	80	97⅞	98⅛	−0⅞	+1⅞	6.02
World Bank 4⅞ 89	150	89⅛	89⅜	−0⅜	+2⅛	5.96

Average price changes... On day −0¼ on week +1

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	90¾	91⅝	0	−0½	9.08
Australia 6½ 88	20	87½	88⅛	0	−0⅛	8.78
EIB 7⅜ 89	12	95⅝	96⅛	0	−1¼	8.44
Finland 5.6 83	10	90¼	91¼	0	−0½	9.23
Finland 6.8 88	10	87¼	88¼	0	+0¼	9.73
Finland, Rep. of 8¾ 87	15	96	97¼	−0⅛	−0¼	9.06

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅜ 86 C$	80	92½	93¼	+0¼	+0¾	12.51
CIBC 13½ 85 C$	50	100	100⅜	0	+1⅜	13.32
CIBC 11½ 85 C$	60	94⅛	94⅞	0	−0¼	13.09
Federal Dev. 11½ 90 C$	80	88⅜	89⅛	+0⅛	+1¼	13.63
Fst. Con. Inv. 10 84 C$	50	90⅜	91⅛	0	+0⅜	13.34
GMAC 12 85 C$	50	†93½	95½	0	+1½	13.67
R. Bk. Canada 10 86 C$	40	92⅝	93⅜	0	+1⅜	11.71
Tordom Cpn. 13½ 85 C$	30	100	100¾	0	+1⅛	13.32
M. Bk. Dnmk. 9 91 EUA	25	93⅛	95	−0⅛	−0¼	9.85
SOFTE 8¾ 89 EUA	40	88⅜	90	−0⅛	−0⅛	10.16
U. Bk. Nrwy 9½ 90 EUA	18	99⅜	100⅝	0	0	9.48
Algemene Bk. 10¼ 87 Fl	400	99⅞	100⅝	−0⅛	+0⅛	10.18
Bk. Mees & H. 10 85 Fl	75	101¼	101¾	+0⅛	+0½	9.58
F. G. Hypo 9¾ 87 Fl	60	96⅜	97⅛	−0⅛	+0¼	10.37
Heineken NV 10 87 Fl	75	99	99½	+0⅛	−0⅜	10.14
Nat. Inv. Bk. 10 87 Fl	75	98⅜	99⅛	−0⅛	+0⅛	10.20
Nat. Neder 9½ 87 Fl	60	96⅜	97⅛	0	+0⅛	10.12
Neder Mdn Bk. 10 85 Fl	75	102¼	102⅝	0	+0⅛	9.34
Aero Paris 13¼ 87 FFr	150	97⅜	98⅜	0	+0½	13.54
CECA 14¾ 86 FFr	150	101⅞	102⅞	0	−0⅜	13.55
Finland 11 84 FFr	80	91¼	92¼	0	+0⅜	13.85
Finland 11½ 89 FFr	70	89⅛	90⅛	0	−0⅛	13.53
Gaz de France 11 84 FFr	150	91⅞	92⅞	0	+0⅜	13.65
IBM France 11⅞ 84 FFr	120	93⅜	94⅜	0	−0⅜	13.76
Renault 9¾ 85 FFr	100	85	86	0	+0½	14.11
Solvay et Cie 9¾ 87 FFr	125	82	83	0	−0⅛	13.97
Utd. Mex Sts. 14 85 FFr	150	99⅛	100⅛	0	+0⅜	14.05
Beneficial Fin. 14¾ 90 £	20	99⅜	100⅛	−0⅛	+0⅜	14.25
BNP 13½ 91 £	15	98⅛	98⅞	−0⅛	−0⅛	13.77
Citicorp O/S 13½ 90 £	50	98⅜	99⅛	−0⅛	+0⅜	13.66
Fin. for Ind. 14½ 88 £	20	101⅞	102⅝	−0⅛	+0⅛	13.94
Fin. for Ind. 13¾ 87 £	20	99⅛	99⅝	−0⅛	+0⅛	13.89
Gen. Elec. Co. 12½ 89 £	50	95⅜	96⅛	−0⅛	+0⅛	13.28
Peugeot SA 14 90 £	23	99	99⅜	−0⅛	+0⅜	14.09
Rothschild 14¼ 90 £	12	99¼	100	−0⅛	+0⅜	14.30
Swed. Ex. Cr. 15¼ 85 £	20	104¼	105	−0⅛	+0⅞	13.73
Banobras 8¾ 90 KD	7	†90⅜	91⅛	0	0	9.75
CCCE 8½ 91 KD	10	†86⅛	86⅞	0	−0⅛	10.26
Sonatrach 8½ 90 KD	12	†91⅛	91⅞	0	0	9.88
Akzo 9¼ 87 LuxFr	500	92¾	93¾	0	−0⅜	10.77
Euratom 8 87 LuxFr	500	85⅜	86⅜	−1½	−1½	11.22
Euratom 9¾ 88 LuxFr	500	96⅞	97⅞	−0½	−0⅛	10.26
EIB 9¾ 88 LuxFr	600	97⅜	98⅜	+0⅛	0	10.15
Volvo 9¾ 87 LuxFr	500	94⅜	95⅜	−0⅜	−0⅜	10.83

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅞ 87	0⅛	97⅝	98⅛	2/1	10.44	10.66
Bank of Ireland 5¾ 89	‡0¼	98⅛	98⅝	21/11	11⅛	11.56
Bank of Tokyo 5¾ 89	‡0¼	97¾	97⅞	25/10	9⅛	9.48
Barclays O/S Inv. 5 90	0¼	97½	98	13/12	9⅜	9.85
Bergen Bk. A/S 6 89	‡0⅜	97⅞	97⅞	29/11	12⅛	12.55
Bilbao Int. NV 5¾ 90	0⅛	97⅛	97⅞	29/11	10.06	10.32
Citicorp O/S F. 83	§‡0	99⅛	99⅝	23/11	11.44	11.51
Citicorp O/S F. 84	‡0	99⅛	99⅝	30/10	13⅛	13.21
C. Itoh 5¼ 87	0¼	98⅞	99⅜	18/3	12⅞	12.99
Co-operative Bk. 6 86	0⅛	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91	§‡0⅜	97⅞	98⅜	14/12	12.06	12.29
CNT 5¾ 86	§0⅛	99⅛	99⅝	16/10	18⅛	18.22
GZB 5½ 89	‡0⅛	98⅛	98⅝	1/11	9.81	9.98
Jugobanka 8 89	0⅞	91¼	93¼	23/11	11⅝	12.60
Ind. Bank Japan 5¾ 87	0¼	99	99½	15/10	18¾	18.89
Lloyds Eurofin 8 90 £	0⅛	96⅜	97⅛	3/1	15⅝	16.24
LTCB Japan 5¾ 86	0¼	98⅜	99⅞	13/12	9⅝	9.76
LTCB Japan 5½ 89	0⅛	97⅞	98⅜	7/12	10⅛	10.32
Mfrs. Han. O/S 5¼ 94	‡0¼	97⅝	98⅛	30/11	12⅛	12.39
Midland Intl. Fin. 5 89	0¼	97⅝	98⅛	20/12	9½	9.71
Midland Intl. Fin. 5¼ 92	0¼	97⅝	98⅛	5/12	10⅞	11.11
Nacional Fin. 6⅛ 86	0⅜	97½	98	25/1	9.69	9.91
Nat West 5⅛ 94	§0⅛	98⅛	98⅝	11/10	18⅝	18.91
Nippon Credit 6½ 86	0⅛	97½	97⅞	12/1	9.56	9.82
Nippon Credit 5⅛ 87	‡0¼	98⅛	98⅝	6/11	10⅞	11.04
Royal Bk. Scot. 5¼ 94	§‡0⅛	98⅝	99⅛	11/10	9.31	9.42
Soc. C. de Bque. 6½ 87	0¼	97⅝	98⅛	3/4	14	14.30
Standard Chart. 5¼ 90	0⅛	98	98½	6/3	12.06	12.28
Svenska Hndlsbk. 5 87	0¼	98	98½	15/1	10	10.18
Sweden 91	‡0¼	97⅛	97⅝	18/10	9.56	9.82
Williams & Glyn 5¼ 91	0⅛	98⅛	98⅝	14/3	12.44	12.63
Bq. ext. d'Alg. 4¾ 89 SF	0⅜	†87	89	18/12	6⅛	6.96

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†120	121	−1	−6.51
Ajinomoto 7¾ 95	2/80	615.5	120¾	121¾	−0⅛	−7.36
Apache I. Fin. 8¾ 95	12/80	21.12	†150	151	0	−3.66
Blocker Energy 8¾ 95	1/81	21.87	112¾	114	−0⅛	−4.17
Credit Suisse 4¾ 93	10/79	1278	116⅜	118⅛	−0⅜	−3.59
DDKK 11 90	4/80	324	104⅞	105⅞	+0½	15.26
Digicon Fin. 8½ 95	10/81	29.5	98½	99½	+0⅛	12.33
Dynolectron 9½ 95	8/80	12.22	117⅜	118⅜	+2½	4.87
Ensearch Fin. 9½ 94	7/80	30.25	141⅛	142⅛	+0⅜	−1.80
Huffy Int. Fin. 8½ 95	12/80	23.25	96⅞	97⅞	+0⅛	20.75
INA Overseas 8¾ 2000	4/81	42	103¼	104¼	−0⅞	0.31
Inchcape Ltd. 8 95	2/81	4.55	107⅜	108⅜	0	−1.76
JACCS 7½ 95	11/80	585	106⅜	107⅜	+0½	7.17
Marion Int. Fin. 9 95	12/80	23.25	101⅝	102⅝	−0⅛	13.72
MEPC 6¾ 96	2/81	2.47	106½	107½	−0½	10.64
Ricoh 6⅞ 95	8/80	604	107½	108½	−0⅞	−0.89
SBC 6⅜ 90	4/80	200	99⅞	100⅞	−0⅜	5.81
Taylor Woodrow 8¾ 90	1/81	4.94	98⅛	99⅛	−0⅛	7.39
Tricorp. 8½ 95	12/80	31.25	102	103	−0⅛	20.31
Union Bk. Switz. 5 88	2/80	121.4	97¼	99	−0⅜	0.84
Fujitsu 5 84 DM	7/79	475	116⅜	117⅜	−2	6.48
Sharp Corp. 6½ 88 DM	9/80	595	117¼	118¼	−0⅞	−2.00
Uny Co. 6½ 85 DM	11/79	1071	96⅛	97⅛	+0¼	17.12

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month: § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in Currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Electrolux plans to swap shares for Norwegian oil

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

ELECTROLUX, the Swedish household appliances group which is in process of taking over the Gränges metals and engineering group, is prepared to sell a majority shareholding in Gränges Aluminium to Aardal and Sunndal Verk (ASV), the Norwegian state aluminium company, and 10 per cent of Electrolux itself to Norwegian interests.

But as part of the deal Mr. Hans Werthen, chairman of both Electrolux and Gränges, wants a commitment from Norway to sell Sweden 5m tonnes a year of North Sea oil under a long-term contract.

The putative deal between the Swedish industrial group and Norwegian state companies would rival in size the agreement which Volvo shareholders defeated in 1978 for the sale of 40 per cent of the Swedish car and truck company to Norway. That agreement, too, involved the sale of Norwegian oil to Sweden.

Negotiations have not yet been started but Gränges confirmed yesterday that both sides have been studying the possibilities. He outlined the terms which the Swedes have in mind.

ASV would be offered up to 80 per cent of Gränges Aluminium while the Norwegians could obtain a shareholding in Electrolux corresponding to the Swedish group's assets in Norway. This, it is estimated, would amount to close to 10 per cent of the Electrolux capital. No prices have been disclosed.

In addition Gränges Hedlund, a steel construction subsidiary, would build in Norway a factory to manufacture pipes for oil installations, in which the Norwegians would take a half share.

Electrolux would want a contract for the delivery to Sweden of 5m tonnes of oil a year and a share in an "attractive" oil concession on the Norwegian continental shelf. Both these contracts would be passed on to Svenska Petroleum, the Swedish state oil company.

The merger of Gränges Aluminium with ASV would create one of Europe's largest aluminium companies with an annual turnover of well over $1bn.

ASV is mainly a primary manufacturer, which has been trying to move into secondary production, while Gränges Aluminium is the biggest manufacturer of fabricated products in the Nordic countries.

Japan to encourage outflow of capital

By Richard C. Hanson in Tokyo

JAPAN IS to begin encouraging the outflow of capital, reversing a policy which has been applied for the past 11 months.

Limits on the outflow of capital from Japan have been in operation since soon after last autumn's oil price increases. At the time, higher oil prices created strains on the balance of payments, and took the yen to an all-time low

Moves to protect the yen, which included active encouragement of Arab investment in Japan, have been so successful that the yen this week appreciated to its highest level for 18 months. Yesterday it closed at Y208.85 to the dollar.

Liberalising measures being considered by the Ministry of Finance include a step-by-step withdrawal of restrictions on overseas syndicated loans denominated in yen, and an increase in the volume of yen bonds which foreigners may issue — the so-called Samurai bond market.

The Government has no plans to discourage the present influx of capital from oil-exporting nations. However, it seems to believe that this influx has become so great that Japan can afford to start recycling overseas some of the funds it has obtained.

Since the start of the year, it is estimated that the surge in oil money-led foreign investment in Japan has reached about $15bn, divided roughly between securities and free yen deposits. The authorities believe that an additional $5bn in oil money will arrive in Japan before the end of this year, with another $10bn expected next year.

This investment was largely concentrated in bonds during the early part of the summer. However, August and September have produced record net purchases by foreigners of shares in Japanese companies.

If the balance of payments continues to be comfortably in the black, the authorities may allow expansio nin the scope of yen syndicated loans. Initially, only international organisations like the World Bank will be allowed to borrow.

It is felt that the Samurai bond market could be expanded from the current Y50bn-Y60bn ceiling on issues. November issues will total Y62bn, more than twice the October schedule. December could see the signing of four issues worth Y90bn. The last of these, however, a Y30bn issue by Venezuela, will actually have a payment date in January, according to the underwriters now discussing the timing with the Finance Ministry.

The possibility of allowing private bond placements, banned since November, 1979, for selected borrowers is also being talked about by underwriters.

Official nervousness over international payments has been reduced by forecasts that the current account deficit will shrink in the October-March half-year to less than $3bn, or about one-third the deficit in the first half of the fiscal year. This is largely because of a sharp drop in the rate of import growth which in turn reflects slack demand for oil.

Major first-half setback at French appliance group

BY OUR PARIS STAFF

MOULINEX, the French domestic appliance manufacturer, which has been hit by the steep downturn in consumer demand, saw net profits drop by one-third in the first half of this year to FFr 35m ($8.5m).

The effect of the slide in sales was reflected in turnover figures which rose by only FFr 3m to FFr 889m. This was the sort of performance which had been widely expected following Moulinex's statement last month concerning increases in stocks and growing over-capacity.

The company has also been affected by problems at its U.S. affiliate, which will again report losses this year despite a significant improvement in the first half. Moulinex says it has made a provision of FFr 5m to cover risks on U.S. business.

Later this month, the company is due to lay off almost half of its 10,700 workforce for a week to help run down stocks. This decision follows similar measures in the summer holiday period when almost all the group was closed down for a week.

● L'Air Liquide said it is setting up a wholly owned subsidiary in West Germany to make oxygen and nitrogen gas for industry. But the French group gave no details of the new company's capital.

Called Deutsche l'Air Liquide, the subsidiary will invest an initial DM 80m ($45m) in Lower Saxony.

Credit Agricole settles part of profits issue

By Terry Dodsworth in Paris

THE CONTROVERSY over the exceptional profits earned in 1975 and 1976 by Credit Agricole, the French co-operative bank which specialises in the farming sector, has been amicably settled by M. Raymond Barre, the French Prime Minister.

M. Barre's intervention in the dispute settles the most delicate of a number of issues concerning the so-called "Green Bank," which has enjoyed considerable privileges during its growth into one of the world's leading banks. But problems remain about additional profits of FFr 3.9bn ($930m) earned up to 1979, as well as about the complex constitution of the bank.

The question of the 1975-76 surplus was particularly pertinent because of a critical report on these earnings by the Cour des Comptes, the French national auditing authority which is empowered to investigate any public body.

Following a recent investigation, the Cour suggested that FFr 900m should be handed directly over to the state since it had been earned at the expense of the public because of Credit Agricole's non-taxable status.

The bank, whose operating rules were recently changed so that it is now taxed on two-thirds of its surplus, has strongly resisted the idea of a direct confiscation of its funds. After a long struggle with the Government, it has won this point.

The settlement with the Government means that FFr 300m out of the FFr 900m will go towards improving the bank's capital base, while the other FFr 600m will be channelled into agriculture through Credit Agricole's own branche.

Thus the FFr 600m which is being channelled into agriculture will be done so through the bank, but following the general priorities established by the Agriculture Ministry.

Sime switch for CEM

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY, the Malaysian conglomerate, has announced the sale of China Engineers (Malaysia), (CEM), to one of its subsidiaries, Tractors Malaysia, as part of its overall plan to rationalise the group's diverse activities.

CEM is a wholly-owned subsidiary of Hong Kong incorporated China Engineers which, in turn, is a wholly-owned subsidiary of Sime.

The effective date of the purchase is proposed to be December 1, 1980, and Tractors Malaysia is expected to pay slightly over 3.5m in cash.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	7.10.80	30.9.80	AVERAGE YIELD	7.10.80	30.9.80
DM Bonds	94.70	93.83	DM Bonds	8.739	8.830
HFL Bonds & Notes	93.74	93.00	HFL Bonds & Notes	10.074	10.021
U.S. $ Strt. Bonds	87.70	86.31	U.S. $ Strt. Bonds	11.960	12.041
Can. Dollar Bonds	88.88	88.63	Can. Dollar Bonds	12.458	12.387

INTL. COMPANIES & FINANCE

Government takes stake in Korean heavy industry

BY DAVID HOUSEGO IN SEOUL

THE KOREAN Government is to take a 49 per cent stake in one of the country's newest and largest heavy engineering and shipbuilding conglomerates, Korea Heavy Industries and Construction Company, as part of an effort to relieve the company's acute cash shortage.

This was revealed by Mr. Kim Woo Chong, chairman of the company and also chairman of the Daewoo group. Under a decree last month of the new military regime, Daewoo was given responsibility for reorganising the power equipment industry, which now falls under Korea Heavy Industries, while the major rival conglomerate, the Hyundai group, was told to amalgamate the car industry. Both suffer from severe over investment and excess capacity dating from Government pressure in the mid-1970s to push the private sector into heavy industry.

The Government would be putting up 100bn won ($160m) to match the further cash injection of 100bn won by the Daewoo group, Mr. Kim said. Daewoo says it is realising the cash mainly through selling its 50 per cent stake in Saehan Motors (a joint venture with General Motors) and the Daewoo building in Seoul, one of the largest in the capital.

Massive complex

The new company will take over the assets of the massive but still uncompleted power equipment and heavy construction equipment complex at Changwon near Massan—initiated by Hyundai International which broke away from the Hyundai group; the new and also uncompleted shipbuilding facilities of the Okpo shipyard owned by Daewoo; and a heavy engineering complex at Gunpo (formerly owned by Hyundai International).

Foreign observers in Seoul doubt whether the cash being made available by the Government and the Daewoo group will be sufficient to service interest and principal repayments on facilities estimated to amount to an investment of $1.5bn while providing the company with the additional capital it needs. Mr. Kim said that debt incurred with the domestic banking system would be rescheduled while about $50m would be raised in additional foreign loans.

Mr. Kim claimed the new group would be profitable by 1983 with sales of 1,500bn won and paying dividends by 1985 when sales would reach 2,200bn won. It will have a monopoly of power equipment sales in the domestic market.

It is widely believed in Seoul—notwithstanding denials by Mr. Kim—that the new company is seeking a joint venture with Westinghouse, or another foreign power equipment manufacturer, to strengthen its leading power equipment arm and provide several hundred million dollars of additional capital.

The Government's stake in the new group will be through the Korean Development Bank though Daewoo will have management responsibility. Daewoo says the new company will remain a private operation but inevitably the move marks a further expansion of the public sector. Though one of the largest groups in South Korea, Daewo has relatively little experience in heavy industry and the power equipment side does not have the international stamp of approval—as does Hyundai Heavy Industries—to manufacture power equipment.

As part of the forced reorganisation, other power equipment manufacturers in Korea—Hyundai Heavy Industries and Samsung have been told they must cease production in this field. Along with Hyundai International, which owned Changwon and which has now been taken over by Daewoo, they expanded into this area on the strength of a government programme that called for 44 nuclear power stations by the year 2000 and a capacity in excess of 55,000 MW.

The Government decision to put the power equipment industry under Daewoo has created confusion amongst foreign plant manufacturers including GEC of the UK, Westinghouse, Combustion Engineering of the U.S., Foster Wheeler, and Brown Boveri who have negotiated licences with Korean groups for the manufacture of their equipment.

Cancelled licences

The new company will have to start negotiations with GEC and others on the fate of these licences after finalising the shape of the company. It is likely that some licences will be cancelled after work on existing contracts has been completed.

The full merger of the power equipment complex at Changwon with the Okpo shipyards—establishing a rare combination of heavy engineering facilities and shipbuilding—is likely to be delayed some months. Mr. Kim said the total paid in capital of the new group will then be 320bn won with an equity-to-debt ratio of at least 40 per cent.

Mass Transit Railway raises HK$900m loan

BY PHILIP BOWRING IN HONG KONG

HONG KONG'S Mass Transit Railway Corporation has raised HK$900m (U.S.$180m) through a syndicated five-year loan. The loan is in two parts, with HK$600m as a term loan at an undisclosed margin over the Hongkong and Shanghai Bank's prime lending rate and the remainder as a revolving credit pegged to the Hong Kong 90-day interbank offered rate for Hong Kong dollars.

The syndicate is led by Wardley and includes the Hongkong and Shanghai, Bank of East Asia, Bank of Tokyo, Chase Manhattan, Hang Seng Bank, Lloyds Bank, Morgan Guaranty, American Express, Banque Nationale de Paris, and Royeast Investments (a Royal Bank of Canada subsidiary).

● HONG KONG's Exchange Banks Association, an informal interest rate setting cartel, is in future to hold regular weekly meetings. The move seems likely to result in more frequent but smaller changes in interest rates. In recent months, most moves, both up and down, have been of one and a-half percentage points.

Bankers also hope that more frequent adjustments may mean that the rate moves in line with local market conditions rather than a delayed and sometimes sharp response to developments overseas. At present the EBA meets on Saturday every two weeks, though it has in the recent past met weekly for brief periods when money markets have been very disturbed.

Earnings ahead at ITC

BY P. C. MAHANTI IN CALCUTTA

ITC, in which BAT Industries of the UK has a minority holding has turned in good working results for the year ended March having successfully diversified into paper and hotels.

Gross income increased from Rs 4.29bn to Rs 4.59bn ($593m) but almost Rs 3.2bn is accounted for by customs and excise duties on tobacco and cigarettes leaving a lower net income of Rs 1.4bn compared with Rs 1.54bn.

This was the result of upward changes in the rates of excise levied on tobacco and cigarettes in the last central budget. However, with effective inflationary cost management, the company has achieved a higher before tax profit of Rs 136.1m ($17.6m) compared with Rs 124.6m and profit after tax has increased to Rs 56m from Rs 46.3m. Tax incentives available from the hotel business helped increase the after-tax profit.

The company has maintained the dividend at 15 per cent and is considering a bonus issue in the near future because of adequate growth in reserves.

The hotels division now runs a chain of 14 luxury hotels throughout the country and another 11 are due to be added soon. ITC claims to be the fastest growing hotel chain in India.

The company's papermaking subsidiary, Bhadrachalam Paperboards, has already gone into commercial production well ahead of schedule and with a negligible capital overrun. It is expected to make a substantial contribution to group income in the current working year.

State holding in Dead Sea Works reduced

By L. Daniel in Tel Aviv

Continuing its policy of selling holdings in profitable enterprises, the Israel Government has decided to reduce its stake in Dead Sea Works from 90.3 per cent to 76 per cent.

The shares are to be offered to the public on the Tel Aviv stock exchange by Dead Sea Works' parent company, Israel chemicals which is the Government-controlled roof organisation for the basic chemical industries. The issued capital of Dead Sea Works currently stands at Sh 60.5m ($10m) and its registered capital at Sh 200m.

The doubling of the capital of Fertilisers and Chemicals of Haifa to Sh 30m and an increase in the capital of Negev Phosphates from Sh 72m to Sh 150m have also been approved. Both companies belong to Israel Chemicals.

FINANCIAL TIMES SURVEY

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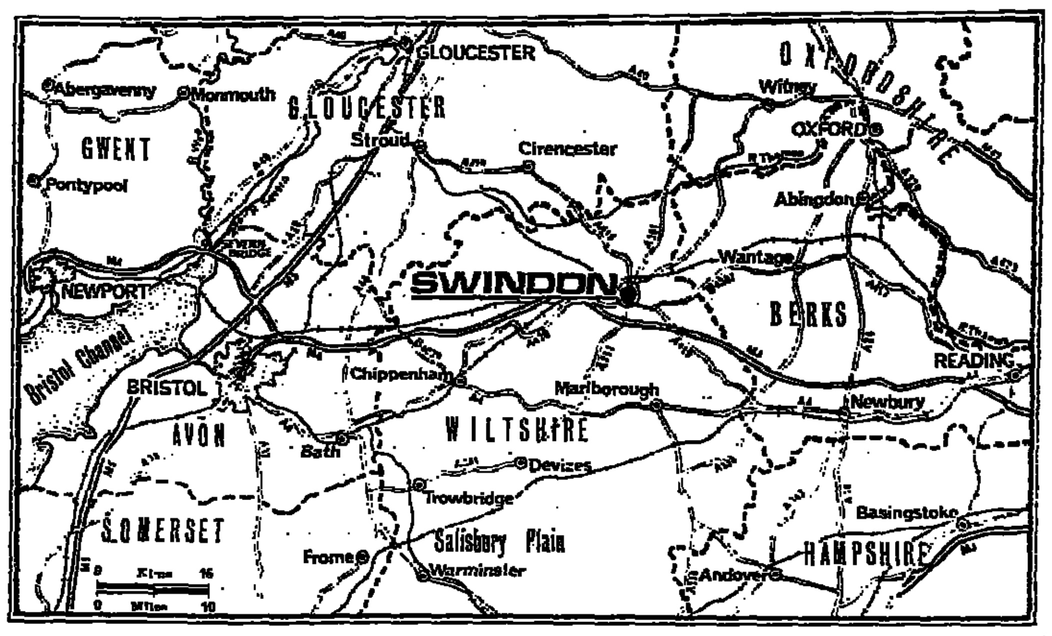
Swindon



By the standards of most of Britain's industrial regions, Swindon looks comparatively successful. Despite an increase in unemployment among some traditional manufacturers in the Thamesdown area, much confidence is being placed in the ability of a nucleus of electronics companies in Swindon to attract other new technology industries

Confident about long-term prospects

By Lorne Barling

BUT FOR the recession the *Wiltshire* town of Swindon (now part of the local authority area of Thamesdown) would perhaps be congratulating itself on a period of sustained economic growth based on its own initiative and on considerable insight into the problems of industrial change.

These two qualities have been necessary in Swindon for many years, engendered by the impact first of the success of Brunel's Great Western Railway and then by the slow decline of the industry which had become its lifeblood. But even today, the arrival of the High Speed Train has been important for a town situated half-way between London and Bristol, and its railway workshops are no longer declining in size.

This somewhat unexpected survival of an industry which once employed half the town's male workers has been a bonus; the present manager of Swindon Works was sent there eight years ago to shut it down.

Meanwhile the local authority has done its utmost to create new industries, maintain employment and keep abreast of housing demand. They were given some assistance in this in the 1950s and 1960s through London overspill aid, but since then the local ratepayer has been wholly responsible.

This endeavour has been rewarded to some extent by the arrival of new companies prominent in the fields of micro-electronics, data processing, pharmaceuticals and communications equipment and science-based industries. The most important forthcoming arrival is that of Philips Business Systems which is setting up its headquarters in Swindon. Even so, Swindon's ambitious targets on job creation have been hit by recession.

By the standards of most of the country's industrial regions Swindon looks comparatively successful, but the nearly 1,600 redundancies announced in the first six months of this year and the further 850 since June have sent unemployment soaring above 8 per cent among a labour force of around 85,000.

The major problem is that Swindon's older industries are based on traditional manufacturing activities, employing large numbers of people (many of them former railwaymen) and redundancies also mean a mismatch of skills since new concerns are often seeking professional or white collar workers. For the first time in many years many skilled engineering workers are unable to find work.

The Thamesdown Council's corporate plan between 1978 and 1981 envisaged a net increase of 3,000 jobs a year and enough new housing to meet this.

At a conservative estimate unemployment is now likely to remain at around 7,000 until the end of next year, with incoming jobs tailing off from 2,000 a year to perhaps as few as 1,000 in 1982 and local employers unable to provide more than around 600 additional jobs a year.

Estimates

With the workforce increasing at a net rate of around 2,500 a year, the prospect of maintaining the level of unemployment at about 7,000 is a formidable task. To make matters worse, estimates of Swindon as a labour catchment area for the surrounding counties could prove to be on the low side, particularly during a period of recession.

The result of these conditions, according to Mr. Douglas Smith, the council's industrial adviser, who has been largely responsible for job creation and economic development for the past three years, is that he and his team will have to run faster to stay in the same place.

The arrival of increasing numbers of "immigrants," such as people seeking work or the families of earlier arrivals, is also affecting the housing programme; meetings are therefore scheduled for later this year between all those involved in the development of Thamesdown for a thorough reappraisal of the plan, and perhaps to devote more resources to industrial marketing.

The picture is not altogether gloomy, however, since much faith is placed in the ability of the nucleus of electronics companies in the area, and in Bristol, to attract a rapidly developing industry. The possibility of the country's main micro-electronics and information systems industries developing on the Bristol/Swindon axis is not discounted.

Swindon is of course extremely fortunate in its geographical position, within commuter distance of London and surrounded by attractive countryside to lure the young professionals. Its communications are good and access to ports reasonable, but for today's electronics companies the proximity of airports is often more important.

The rural attractions have also been particularly significant for companies moving administrative activities or headquarters to Swindon, often achieved these days with a significant reduction in the number of jobs as electronic information systems are installed at the same time. Much of the previously freely available office space in the town has now been taken up, and there has been increasing pressure for accommodation, although this has slackened recently.

The proximity of London and of Heathrow Airport has encouraged a number of companies to move their complete administrative headquarters to Swindon, creating an increasing need for good quality shops, restaurants and hotels, facilities which some believe have not kept pace with development in general.

Mr. Douglas Smith believes that higher per capita incomes are now having profound effects on the local social structure and has encouraged the Chamber of Commerce to recognise changing needs, including services to companies such as advertising agencies and consultants of various kinds. However, he recognises that this is up to the private sector now, since the council has played a major part with the construction of the award-winning Brunel Centre containing about 100 shops and adjacent 22-storey tower. This is frequently used as a means of providing temporary offices for companies moving into Swindon.

In the battle to attract investors, both from other parts of Britain and abroad, Swindon's main rivals are new towns like Milton Keynes and development corporations generally, but unlike the new towns Swindon wants to attract companies and not people, since rising population is already a problem.

Ironically, two major employers which were seen in the post-railway boom as important, Plessey and BL's Pressed Steel Fisher, are now shedding labour and because they employ around 6,000 people between them, this is now a major concern. British Rail's Swindon Works, on the other hand, believes it will hold its number of employees at a steady 3,600 for a number of years.

Mr. Christopher Firth, the council's corporate planner, believes the local education system must now adapt rapidly to the changing needs of the area, away from manufacturing, to provide a broader range of skills for companies.

The present problems are, however, considered to be short term since rapid growth is foreseen for the 1980s as companies expand creating problems of a different kind—namely, room for expansion of industry and space for more housing.

In the past the council has played a major part in providing premises and sites for companies coming to the area, and in the competitive business of attracting investment it has had to maintain a high standard and choice, retaining good sites for later use and attracting some criticism from the private sector for not releasing it.

But during the coming years the council is likely to play a less central role, and may slowly withdraw from active development, allowing this to be done with private capital while still retaining control of the type of premises built.

Growth targets

It is now felt within the council that Thamesdown's housing needs over the next 10 to 15 years are understated in the county structure plan, and that the county has failed to take into account the changing nature of the local economy. For that reason proposed modifications are expected to be put forward.

Mr. Firth said: "If there is no change, it is clear that the area will not achieve the potential we believe it has." A study now being carried out by the School for Advanced Urban Studies at Bristol is expected to be submitted as evidence.

Councillor A. J. Masters, Leader of Thamesdown Council, said he believed that although the recession would make it difficult for growth targets to be met on time, the action taken in the past to diversify industry was extremely valuable now.

"We have got to put as much as we can afford in that direction, although it will be increasingly difficult to keep up on housing," he said, adding that the main problem was the comparatively slow expansion of existing industry.

There is little doubt that growth prospects for Swindon are good, judging by the achievements recorded up to the early part of the year when recession first began to be felt. Some comfort can also be drawn from the fact that employment levels in general have remained steady, indicating that the great majority of companies will weather the economic storm. A few major redundancies have nevertheless been a serious shock locally.

Similarly, housing starts up until the end of last year had suffered only slightly from higher interest and mortgage rates, while the position in the rest of the country was considerably worse. Overall, the prospects for the local economy continue to be more favourable than for the UK as a whole, according to a recent report by the corporate planning division of the council.

Once the worst effects of recession are over the most pressing problems for Swindon are likely to be those associated with managing and controlling growth—preserving the attractive features of the area while not inhibiting the development of industry.

CONTENTS

SWINDON II

A successful strategy to attract new industries

THE PACE of industrial change now sweeping through Britain, leaving a trail of unemployment in its wake, has left few areas untouched, but Swindon is likely to suffer less than most thanks to its successful efforts over the past few years to achieve a balance of manufacturing and service jobs in the area.

Its initial attempts to attract new companies, particularly those which are science-based or involve technology which will create secure employment for a long period, came at a time when many cities and regions all over Europe were realising the importance of inward investment.

While many of these areas, particularly the Government-assisted regions of the UK, were able to offer generous investment incentives such as tax relief and subsidised factories, Swindon had to rely entirely on its own resources generated by the ratepayers.

On the other hand, Swindon had many natural advantages such as its good location—and considerable assistance as a London overspill area in the 1950s. To quote Mr. Douglas Smith, who was appointed industrial adviser three years ago, he has "an extremely good product to market."

Marketing is now widely accepted as one of the key weapons in the fierce battle now being fought to attract companies to various locations in Europe, with considerable sums being spent on promotion and advertising. However, Swindon's strategy was carefully planned in accordance with its relatively limited funds and its intention to attract a particular type of company, and even to discourage others, such as those with little potential for growth.

The basic need for such a policy became obvious in 1976 and 1977 when in the wake of serious recession unemployment in the Swindon area reached high levels attributed partly to the closure or reduction in size of a number of "satellite" plants operated by major companies. It was therefore decided that the mix of industries in the area ought to be broadened, with more emphasis on the number of jobs per acre new companies coming to the area could offer. This was also based on the need to make the best use of limited industrial space available.

However, the provision of industrial sites has been undertaken both by the council and private developers, giving the council only limited control over the type of company coming to Swindon. At the same time the council did not wish to be too exclusive or discouraging.

Companies offering the highest density of employment were not always regarded as ideal, particularly if the prospects for their products were not good in the long term. But electronics and pharmaceutical companies, though often creating limited employment, created both security of jobs and good growth prospects.

In an effort to make the area attractive for the young professional and his family, the council also agreed to a policy of guaranteed housing in the area for key workers in companies relocating, a scheme which has not led to the local resentment some predicted.

Under the original Thamesdown Corporate Plan, completed in 1976, it was intended that 3,000 jobs should be created annually until 1981, and that 1,500 new houses a year should be built during that period, mainly in the western development area.

After a somewhat erratic start on both fronts, these targets have proved to be realistic, but the performance of existing local industry, which was expected to create around a third of the new jobs, has been disappointing. Nevertheless, the £250,000 a year committed by the council to the promotion of industry over the past few years is generally thought to have been worthwhile.

Comparisons

Around the middle of 1978 unemployment in the Swindon employment exchange area had risen to a peak of just over 6,000, or 7.8 per cent of the working population, compared with the national average of 6.5 per cent. But by the start of last year the unemployment rate had stabilised at about 4,500 people, around the national average of between 5 and 6 per cent.

Since the early part of this year the rate has been below the national average, but the number of jobless increased to 6,720 in September and the outlook for the rest of the year is bleak. Since the middle of last year around 3,000 jobs in the Swindon area have been lost as a result of closures, notably 1,700 with the shut-down of Garrard, 200 at Compton Sons and Webb, and contraction at Plessey, Vickers and Pressed Steel Fisher.

On the positive side, however, around 10,000 additional jobs have been created in the area over the past three years, aside from those generated locally, giving an indication of how much worse things could have been.

This has been achieved mainly through a direct approach to those who have influence on companies looking for new industrial sites. Seminars were held at the Institute of Directors in London, and property men and consultants were invited to similar functions held at the Lydiard Park management centre near Swindon, which is owned by the council.

The campaign was aimed primarily at making the right people aware of the advantages of Swindon as an industrial centre, with emphasis being placed on the U.S. and West Germany as the two most likely sources of foreign investment.

Efforts to attract U.S. companies have been based on four States which contain the major U.S. technology industries—Illinois, Texas, California and Minnesota.

An example of the type of American-owned company which Swindon seeks to attract is R. P. Scherer, the world's largest manufacturer of soft gelatin capsules, which recently started work on an £8m factory on a 20-acre site at the Blagrove Estate. Although the factory will be highly automated and employ only 200 people, rising to 300 later, a company with a record and growth rate as good as Scherer's is welcomed.

There is no doubt, however, that the main thrust of new employment in the area is being dominated by electronics equipment, and the prospect of Philips Business Systems setting up its headquarters in a 100,000 sq ft new office block in Swindon is an encouragement to all.

The Philips move, which will create around 400 new jobs, follows the recent arrival in Swindon of Logica VTS, leaders in word processing systems, whose products are supplied to Nexos, partly owned by the National Enterprise Board. This led to around 250 new jobs. Another company now moving to the area is Johnson Controls, a subsidiary of the U.S. company which is a world leader in energy conservation technology applied as a total concept in buildings. The recent arrival of Intel was regarded as a major coup.

Decision

The Man - VW bus and truck consortium had originally intended to set up a distribution centre in Swindon, but was subsequently persuaded to set up its UK head office there, with a gain of 300 jobs. PHH Services, the rapidly growing British subsidiary of the American PHH Group, is also in the area and sees it as the ideal centre for its vehicle management services all over the country.

Another major growth sector for Swindon has been the arrival of companies concerned with publishing, printing and mail orders. W. H. Smith and Book Club Associates are established local concerns, which have to some extent helped to attract printing companies, graphic designers and so on. At the same time the big increase in the volume of postal material being handled has created some problems for the Post Office, which has expanded to meet the new conditions.

These new industries are of course relatively small employers when seen in terms of the major concerns in the area such as British Rail, Plessey and BL, but they are seen by many as an important new strength for the local economy at a time when it is most needed.

Lorne Barling

Key role of the larger companies

THE LARGE number of smallish companies which have moved to Swindon in the past few years have admittedly boosted the local economy but they may also have obscured the basic importance of existing industrial and commercial concerns employing large numbers of people.

Traditionally, the most important of these have been Plessey, Pressed Steel Fisher (part of BL) and British Rail's Swindon Works, which together employ nearly 10,000. Major white-collar worker employers include Hambro Life Assurance, Burmah Oil, W. H. Smith and the Nationwide Building Society.

Although recession has hit the larger manufacturing concerns hard, creating redundancies and preventing possible expansion at BR, their role as the backbone of local industrial life for many years has been vital. Not only have they created skills which have greatly assisted development; they have generated much of the wealth in the area.

The oldest of these concerns is BR's Swindon Works, which once employed 14,000 people "inside," as the walled premises are known locally. This number fell to as low as 1,800 a few years ago but has now risen to 3,600 mainly as a result of the workforce's willingness to be flexible in its approach to work.

The works, scheduled to be shut down in the early 1970s, now undertakes a range of work for BR and a wide variety of other customers. Its latest coup was a £3m order for 20 short-haul locomotives for Kenya, which has recently been completed.

Mr. Harry Roberts, the works manager who was sent to close down the site, believes that the fuel crisis helped to change BR's mind on the matter but attributes much weight to the theory that by encouraging the workforce to make itself indispensable it survived.

Although the recession and the strength of sterling has hit export markets for railway equipment, the works is undertaking a major contract to rebuild much of Southern Region's old stock, guaranteeing it a further life of 20 years. This will ensure work for the foreseeable future.

Mr. Roberts is also confident that as fuel costs rise world railway orders will soar, but fears that Britain is allowing its lead in rail expertise to slip away through inadequate development expenditure, particularly on electrification.

"Without a strong home market it is extremely difficult to compete abroad," Mr. Roberts says.

Plessey has three divisions in Swindon—Plessey Hydraulics, which employs around 650 on the manufacture of pumps, mainly for farm equipment; Plessey semi-conductors, which has a workforce of around 900, and Plessey Registors employing 400. Although employment at the latter two divisions is stable, there have been redundancies at Plessey Hydraulics this year as a result of the poor farm equipment market.

BL employs around 4,000 at Pressed Steel Fisher, making panels for a variety of car models including the Austin Allegro, the Rover saloon, the Mini Metro and the TR-7 body shell. The plant includes a large toolmaking operation. Although there have been redundancies this year there are hopes that demand for the Metro will improve the position.

One of the largest employers in the area now is W. H. Smith, which has nearly 1,500 staff at Book Club Associates, which it operates jointly with Doubleday of the U.S. W. H. Smith itself employs another 1,100 at its premises which include a major supply warehouse, management and accounting services and architectural and estates offices.

Expansion

Another valued company in Swindon is Raychem, the American-owned plastics concern which came to the area in 1966 and now employs 1,200 at its premises on a 45-acre site. The company is now seeking an additional 50 acres for development purposes, but land shortages may oblige it to look at alternative sites.

The company, with a turnover of around £40m, has grown at the rate of 25 per cent a year over the past decade, and has recently become the research and development headquarters for its U.S. parent's European activities. Around 70 per cent of its output is exported.

The fastest growing white-collar concern in Swindon is probably Hambro Life Assurance, which moved in 10 years ago and employs nearly 1,000; its use of office space has increased substantially. It started off with 48,000 sq ft and now has around 200,000 sq ft and is starting to develop a central site which will eventually provide an additional 250,000 sq ft, mainly for its own use.

Hambro Life points out the considerable price advantages of space in Swindon at around £6 a square foot compared to perhaps £20 a square foot in London, and also believes it has benefited from a far more stable labour force locally compared with London, where job changes are far more common. Although Hambro Life began its Swindon operations on a highly computerised basis, it believes its rapid rate of growth will lead to a doubling in the number of staff in the next ten years.

Roussel Laboratories, which manufactures ethical pharamaceutical products, has also undergone considerable growth since moving to Swindon ten years ago. Its workforce has grown from 200 initially to nearly 600.

One of the critical factors in choosing the area out of many options was the absence of pollution, which would have created production problems if present in the atmosphere. Guaranteed housing was also important, since the company brought a high proportion of existing employees with it.

The Burmah Group and Burmah Castrol, which moved their head offices to Swindon in 1973, creating around 400 jobs locally, have since maintained their level of employment at around 900 people.

Smaller concerns such as Square D, which manufactures a range of electrical control gear and distribution equipment, have provided strong growth in the industrial sector which has been so important locally. Continued expansion of manufacturing space has led to the company occupying premises covering 240,000 sq ft.

"In recent years vast new markets have opened up to us in Europe and the Middle East. We have kept pace with these developments by installing new plant and new ranges of control and distribution equipment," the company says, adding that it foresees further growth.

Another company which has experienced rapid expansien is Preformations which, like Square D, used to be part of the Plessey Group. It has developed its position in the market for magnets, providing them for a range of products such as electric motors and loudspeakers, increasing its workforce from around 90 in 1974 to 170 now.

Although Swinden continues to rely largely on incoming companies for continued development, it is clear that established industry, particularly companies in high technology fields, must play an equally important part in providing employment at a time when it is sorely needed.

Lorne Barling

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One of the brighter spots in the UK property market

THE AVAILABILITY of good quality industrial and commercial property has been a vital factor in the rapid development of Swindon, particularly in the past few years as the requirements of companies have become more precise.

Those responsible for guiding Swindon's industrial development policy have long been aware that when a number of towns or regions are competing to attract a new company, a wide choice of sites or premises available can decide the issue one way or another.

Thamesdown Council has been fortunate in owning fairly large areas of land to lease or develop for industrial use, often in the form of "campus sites" which became increasingly popular with companies for administrative headquarters or light industries such as electronics.

The development of Swindon has also led to pressure on housing, and despite a reasonably successful building programme by the council, the housing waiting list has risen to around 5,000 and there is increasing pressure for land on the western side to the town, where most of the building so far has taken place in recent months.

Difficult choice

Private sector building of both factories and houses has been strong over the past few years, though limited to some exent by land constraint, which could become worse during the 1980s unless both local and county councils are prepared to make more available. The council is now faced with the difficult choice of whether to make more of its limited land available to others, possibly depriving itself of the ability to attract big new companies with the offer of prime sites.

On the other hand, the council does have planning application pending on a 500-acre area, and a consortium of private developers is seeking permission to make use of a 1,200-acre area to the north of the town.

The recession will clearly delay a real shortage of space, since a considerable number of industrial estates around Swindon are not fully occupied and demand, particularly for units of less than 20,000 sq ft. has fallen off in the past few months.

Mr. Robin Braithwaite of agents Farrant and Wightman, points out that as a result of a recently active market most speculative space has been taken up; but new speculative developments face a difficult period. He suggests that there is a good case for anyone with a strong nerve to build a speculative unit of around 100,000 sq ft providing it is prestigious and not of terraced design.

Although demand for smaller units and industrial "nurseries" has not been strong lately, it is also felt that demand for these will pick up strongly once the recession ends.

Major land transactions this year include the purchase from Plessey and British Land by Sun Alliance of the 40-acre Crowdy's Hill Industrial Estate, at a price of around £5m. Some 20 acres of this are to be developed soon.

Also in the private sector, sites are being sold by Edwin H. Bradley and Sons, with disposals this year at prices in *excess of £100,000 an acre* including a single disposal of 16 acres to a major international company, as yet unnamed. Of around 70 acres being offered by Bradleys, over half is already committed.

Only isolated pockets are now available on the council's established estates, though it has recently brought on to the market about 20 acres at Westmead, where ground rents are in the region of £7,000 an acre.

The council's industrial adviser, Mr. Douglas Smith, confirmed the council's *continued objective to increase its* infrastructured land holding for incoming occupiers at the rate of 100 acres annually for the next few years.

The council's policy is for leasehold disposals at a full ground rent with five-year reviews, but Farrant and Wrightman suggest this policy is untenable, arguing that the recent agreement by the council to sell a five-acre site to British Viggo (a BOC subsidiary), endorses that view.

Following the sale of Garrards Hi-Fi by Plessey, the former factory may also be offered for sale. Farrants along with Knight Frank and Rutley are advising Plessey over the 5-acre site in the heart of the town, which offers factory and office accommodation of around 220,000 sq ft.

British Rail and BL have around 40 acres each of surplus land in central areas which is likely to come on to the market before long, and problems related to cinderheaps on the BL land may soon be solved.

Final phase

The 1m sq ft ICFC development at the Groundwell Estate, some two miles north of the town, is part of the limited new space scheduled to come on to the Swindon industrial market, and agents Gibson Eley and Conrad Phoenix report that the third and final phase is nearing completion.

Loveday and Loveday, acting jointly with Anthony Brown Stewart on the Euroway Industrial Park, in which Abbey Property Fund has an interest, report considerable interest by warehousing concerns in the space being completed.

Other industrial developments in the course of construction are at Groundwell, Hawksworth, Elgin and Dorcan Estates, altogether exceeding 189,000 sq ft of space. Land with planning permission as yet undeveloped totals some 52 acres and the council has some 65 *acres available.*

Prices of industrial space have been around the £2 mark for the early part of this year and do not appear to be moving upwards yet, although on the Elgin Estate £3 is being asked for premises scheduled for completion at the end of the year.

At the top end of the offices market, high quality blocks in the town centre, £6 a square foot was achieved earlier this year, and despite the present problems this is seen as a target by many agents.

According to Loveday and Loveday, lower down the scale a great deal of accommodation has now been taken up, with the greatest activity being at around 2,000 sq ft. Consequently rents have risen to around £4 a square foot for central, modern, centrally heated space.

The council's role in the office market was primarly in the construction of the central block in the Brunel Centre, and the authorities are now encouraged to see organisations such as Hambro Life developing their own space, a trend which they believe will continue as companies expand.

Similarly on the housing side, the council sees a need for private developers to play a bigger role, particularly in view of the spending restraints being imposed by central government. It is hoped that this will boost the flagging efforts by the council to meet a target of 1,500 new houses a year.

As in the field of industrial development, much depends on the profitability of private building projects, which are now being restrained by high interest rates and rapidly rising building costs. With a considerable amount of land already bought up by institutions and private developers, these factors could mean that all types of property could be in short supply unless confidence is *maintained.*

On the other hand, most people concerned with the property market believe that Swindon is one of the brighter spots in the UK and that its potential for industrial and office growth is extremely good. The limited impact which the recession has had on local activities, when compared with the rest of the country, can only be regarded as confirmation of that confidence.

Lorne Barling

Ideal location for rapid communication

MERIDEN, NEAR Coventry, where cyclists from all over Britain meet in annual pilgrimage, is reputedly the geographical centre of England. But for a growing number of international and national companies, Swindon is becoming the ideal *communications* centre of the country.

The project that has most changed its life has been the coming of the M4 motorway. This runs just south of the town and provides a fast throughway to London, to the West Country and Wales. Nor is it much more than a hour's easy journey to the M5 and beyond to the M6 and the north-west. Getting across to the M1 spine running up the eastern side of the country is more difficult, but warehousing enterprises say that it does not present insuperable problems.

Swindon would not suit all industries. But it is admirably suited to warehousing and the manufacture and distribution of lightweight products of very high conversion value. The area abounds in such enterprises.

Electronics is perhaps the *fastest-growing* industry, or rather one should say industries, since it has sprouted so many different technologies. Its products—semiconductors and other micro-components—are usually moved by air. Heathrow is only just over an hour away by car; 1½ hours, perhaps less, by truck or van.

One executive of Burmah Castrol, who lives some 13 miles away at Marlborough, explained: "I can leave home in the morning at the usual time, get to the office in 25 minutes to half-an-hour, deal with the post and one or two other matters before catching a train for a business lunch in London.

"Then, after business with colleagues in the London office I can be back in Swindon in time to sign the letters, polish off the inquiries that have come in during the day and be home at the usual time. Without," he added, "any of the kinds of strain there used to be when I was living in Essex and commuting 15 miles in. Getting from our central London offices to Heathrow was often just as time-consuming as from Swindon."

Burmah Oil, the parent company, could have moved its world headquarters to several other places to solve the problems of putting its Burmah and Castrol staffs under one roof after the merger. It was offered inducements by other towns, some of which could offer more attractive financial terms.

Another firm which appreciates Swindon is Howard Tenens Services, which moved from south bank premises in London in 1965. It controls a fleet of nearly 300 vehicles operating throughout the UK, and has picked up an increasing amount of business locally in warehousing and distribution.

W. H. Smith, the newspaper, periodical, toys and stationery suppliers and distributors came two years later and was at that time the biggest operation of its kind. Picking the right place from which to operate a complex business, supplying 330 retail shops throughout Britain, was essential to future productivity and profitability.

New wave

Roussel Laboratories, which makes pharmaceutical products, was one of the first of the new wave technological companies to come to Swindon to manufacture dosage forms and do research and development.

Ten years ago it moved 130 staff, including 30 research technicians, from restricted premises in London's Stratford East. Since then it has invested £15m at Swindon and taken on another 200 employees.

Swindon has no airfield for general use, although there are *facilities for both helicopters* and fixed-wing aircraft. All are private, however, although it may be possible to use them by mutual arrangement. Vickers has an airstrip at South Marston capable of taking eight-seater executive type aircraft, and Plessey and Burmah use company helicopter pads. Lyneham, the major RAF staging post about 12 miles away, has customs facilities and is occasionally prepared to co-operate if given prior notice.

Shopping in Swindon is excellent with plenty of variety to be found in the Brunel centre. Its domed malls, reminiscent of Paddington railway terminus, with which Swindon was linked through the old Great Western Railway, incorporate most of the national shopping groups and a pleasing number of more local ones. Like most modern purpose-built shopping centres it is air-conditioned and temperature controlled.

Peter Cartwright

In the forefront of new technology

THE NAME on the door is the same as it was 40 years ago, but Plessey's products have changed radically, keeping pace with the fast-moving international electronics industry. One or two of the most advanced products have defied attempts to emulate them by thrusting competitors.

In its character, Plessey reflects the way in which Swindon has been renewing itself. The great Brunel, who is handsomely remembered by a statue in Swindon's shopping centre, took the town to the very forefront of advanced engineering for the railway age. Plessey Semiconductors, part of the group presence there, is carrying on that tradition.

Plessey owed much of its early fame and fortune to World War Two. Originally, Plessey produced electrical connectors in Swindon, primarily for the aircraft industry, under licence from America, and soon became by far the largest supplier for military planes, as it did also of wiring systems. It was also an important supplier of hydraulic pumps and equipment for aerospace engineering.

After the war several other levels of activity were added, under the leadership of Sir Allen Clark. The bias, however, tended to remain in non-high technology products. Then, in 1957, Clark went to America to find out what a new development called semi-conductors was all about. Having satisfied himself of the potential for growth he took a 51 per cent share with Philco in a joint venture.

Sir Allen was always ready to consider sharing—so long as Plessey had the "more equal" share.

The venture proved to be one of the big turning points in the company's fortunes, lifting it from a very good maker of passive components, such as resistors, capacitors and wound components, to the very peak of high technology.

The attraction of Philco was that it had a transfer line for assembling chips substantially faster than those at Swindon. Having decided to incorporate a Philco machine into the Plessey production line, the Swindon company went to its American partner for its 49 per cent share of the investment. But Philco was unable to oblige, being overstretched itself and, in another typical gesture, Clark bought them out.

Driven forward by Clark, whose entrepreneurial outlook created a tradition that has been carried on by his sons, Sir John (now chairman), and Michael (deputy chairman), the company launched into other devices that significantly extended its range from electrochemical transistors to diodes and rectifiers for the instrument

PROFILE:

PLESSEY

and general engineering industries. Once again, the source of inspiration came from America, from General Instruments, from which Plessey held a manufacturing licence.

This link was to be of fundamental importance in providing the research and development centre at Caswell, Northamptonshire, with the expertise with which to develop its own planar resistor techniques. This was the forerunner of the integrated circuit and a genuine major breakthrough, for it made possible the putting of two circuits on a single chip.

This development faced the Board with a crucial, indeed momentous, decision in view of *what had happened to Philco* in similar circumstances. In 1965, the decision was taken to invest at a level compatible with taking planar into integrated circuits. Caswell immediately accelerated its work on solid-state techniques and in developing planar resistor technology. From this flowed the decision to go into manufacture.

Plessey is also keeping up with the competition in other ways and leading it in some. It claims a world lead in high-speed dividers with its bi-polar process III (3). Developed in detail at Caswell, the HSDs, in effect, gear down the frequency of a wave form, such as a "blip" on a screen, and are widely used in military communications. This aspect of the business alone produces a substantial annual turnover, a considerable part of which finds its way into the U.S.

In terms of both products and people, the electronics industry is fast moving and foot loose. New thinking to give fresh impetus and direction is apt to come with people, and the capture of Dr. Melvin Larkin from Motorola (UK) was seen as a significant move by Plessey in this direction. In the 18 *months or so he has been there*, a new umbrella division has been created, the solid state division within which Plessey Semiconductors operates.

Around 1,000 people are employed by Semiconductors. Sales have been growing rapidly —from £12m in 1978-79, they increased to £18.5m in the last financial year and are expected this year to hit the target of £23m before going on to more than £30m.

Expansion at this rate demands heavy investment, and Plessey is putting about 15 per cent of income into capital equipment. About half of that is, in a sense, being forced on Semiconductors by the speed with which technology is changing.

Recently, Semiconductors management and design engineers, moved from the manufacturing base at Cheney Manor, two and a half miles away into Crowdy's Hill, Sir Allen Clark's old headquarters. It was also the headquarters of the passive components division. One can confidently predict a more active role for the oak-panelled boardroom on which Sir Allen's picture looks down.

Peter Cartwright

Swift expansion in electronics sector

IT IS said that like attracts like, and this is certainly true of Swindon. In a short time, it has become a major centre of the expanding electronics industry and is continuing to attract newcomers at an accelerating rate.

Three factors have helped to trigger this movement. First, there was the presence of Plessey, the electronics group, which entered the semiconductor business in the early 1960s. Firms coming to Swindon could therefore be certain of finding people not merely familiar with the new technology, but actively developing new techniques.

Plessey has seen some of its employees move to the newcomers (U.S. companies tend to pay better). But it has no complaints, believing that in the long term it will benefit from an environment technologically sharpened by the immigration. From some of the newcomers' point of view, the fact that an electronics base already existed was a considerable factor in the decision to move to Swindon.

A second factor was the go-ahead outlook of Swindon Council's policy and resources committee. The town was originally designated as an overspill area for London, and the early arrivals tended to be warehousing and distribution operations, branch offices and units. When the oil crisis began to squeeze the prosperity out of companies some withdrew from peripheral activities to concentrate on headquarters.

This roughly coincided with a further rundown in railway activities, in which the labour force had already been halved to 7,500.

The council was also faced with a "bulge" of school-leavers and urgently needed more jobs. So it brought in an industrial adviser, Douglas Smith to help promote Swindon as an "enterprise" zone.

The third, and possibly most compeling factor, was the M4. The motorway means that London is little more than an hour away; good communications were important in persuading high-technology companies to settle in Swindon.

Just over a decade ago Intel moved over to join others in the electronics field from Oxford, just 30 miles away. The Santa Clara-based Californian company had expanded fast, first in memory devices and then in micro-computers, of which it was the first producer. In its 11 years of existence it has pushed annual turnover to $700m.

Tectonic, which makes thick film hybrids for sophisticated equipment, is another recent arrival. Tectonic brought 20 of its 30 staff from Wokingham to set up an operation that will be employing 300 people before Christmas.

Vischay Resistor Products (UK) is the offshoot of a U.S. corporation. Swindon is the headquarters of the international division responsible for marketing resistor systems to all countries outside North America. The company makes resistor systems to European specifications, where exceptional stability is paramount. The systems are unaffected either by changes in the ambient or equipment temperatures. Vischay's other activity is the supply strain measurement and stress analysis devices for test laboratories.

Eight years ago, American Micro-Systems was represented by one man and his secretary. Today it is a much more substantial operation, responsible for sales in northern Europe and employing 20 electronics engineers designing chips to suit varied applications.

Philips is considering the transfer of its head office to Swindon—a move which could later lead to manufacture. This would be a prize, indeed, and reinforce Swindon's claim to be the "Silicon Valley" of the UK —if not of Europe.

Not all the new technology congregating at Swindon is in electronics.

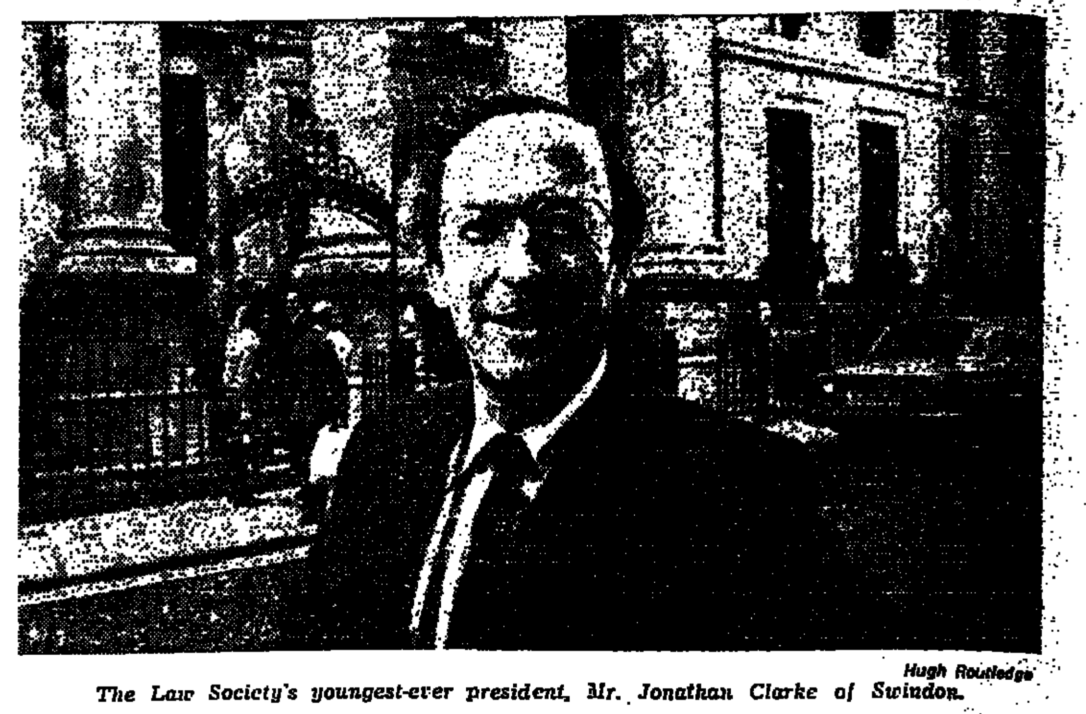
The Blackman Martin Group (BMG), basically a machine-tool maker, has branched out into computerised stock control, budgeting and accountancy.

Swindon has also been invaded by the latest computerised office and administrative techniques. Several groups have their world, international or UK head offices there. The town is Burmah Oil's world operations centre: Intel, the House of Fraser, Hambro Life Insurance, Nationwide Building Society and the Natural Environment Research Council all have their head offices in Swindon.

The list is sufficient to underline the broad sweep of advanced technology in the town. Inevitably it is putting considerable strain on training facilities.

It is all beginning to add up to a new way of life which less fortunate places are struggling to achieve.

P.C.



Hugh Routledge

The Law Society's youngest-ever president, Mr. Jonathan Clarke of Swindon.

PROFILE: JONATHAN CLARKE

Society's zestful president

JONATHAN CLARKE is a small, spare, neat man who, at the age of 50, is the youngest president to be elected by the Law Society. He modestly describes himself as "a typical small-town country solicitor," which obscures the fact that he is now a senior partner in a general firm in Swindon which has grown, as the town has changed, to take on board a lot of commercial work.

In appearance, he is certainly not what comes to mind when the image is conjured up of a country solicitor, leaning on the sheep pen as the auctions take place. He fits, in appearance, much more with the conventional confines of the Law Society in London which exists cheek-by-jowl with the whole apparatus of the legal profession—barristers, chambers, inns of court, large city law firms and the courts.

Appearances, though, are deceptive. This "small-town solicitor" has brought great zest to the Law Society and, within it, he is greatly admired for that approach.

Perhaps because he is the youngest president he has brought a young approach. He has certainly made a habit of doing things young. He was one of the youngest men to have been elected to the council of the Law Society, when he was 34.

Furhermore, many of his interests within the Law Society have concentrated on aspects that would most benefit its younger members. For a time he was chairman of the committee which was investigating education and training. He wants better vocational training, for instance, and for nine years was the Law Society's representative on the legal studies board of the Council for National Academic Awards.

Litigation

His other main interest has been contentious business, which, to the layman, is litigation and crime. He would like to see more young solicitors involved in litigation and advocacy but he is careful not to become involved in any contentious views on the role of the solicitor *vis-a-vis* barrister in court work.

"More and more solicitors realise there is a future in litigation, whereas some years ago they went off to commercial practice in middle age," is all he will say.

Since he has been on the council, solicitors have made great strides in pursuing the art of advocacy. There are now 57 solicitors who sit as judges, of whom about 20 are full-time circuit judges. Mr. Clarke has participated personally in this movement. He himself is a recorder of the Crown Court and sits in both criminal and divorce and civil cases.

But he detects no mood within his branch of the profession to extend these boundaries. In this, he is being very diplomatic because this is an area fraught with danger; it is also an area in which the mood of the younger solicitor, in so far as such a nebulous concept is ascertainable, is toward an extension of involvement in court work.

This is a long way, in legal mileage, from Swindon but Mr. Clarke never forgets that this is what the politician would call him home base. He points out that none of his national work would have been possible without the "extremely kind help" of his partners. The presidency of the Law Society is, to all intents, a full-time job.

He also pays special attention to his local law society—local groups tend to be organised geographically and so his is the Gloucester and Wiltshire group. Some measure of his esteem may be gauged from the fact that he has been unopposed in council elections since he was first elected to the Law Society in 1964.

When his presidency is over it will be to Swindon that he will return. The small-town atmosphere may be far removed from the elegant charm of his present Chancery Lane office, but there will be plenty of Law Society work to keep him involved in national affairs.

Anthony Moreton

COMMODITIES AND AGRICULTURE

UK milk consumption decline to continue

By Richard Mooney

THE DECLINE in UK consumption of liquid milk is likely to continue over thre next few years according to a report* by the National Economic Development Office's milk and dairy products sector working group, published yesterday.

It puts the country's 1983 consumption at 7.15bn litres, 2.2 per cent down on the 7.31bn litres consumed in 1979.

Butter consumption is expected to fall even more steeply to 8.025bn litres (liquid equivalent) from 8.635bn in 1979.

The only milk product for which the group forecasts a consumption increase is cheese. It expects consumption to reach 3.435bn litres by 1983, up 1.8 per cent from 1979.

Total consumption of milk products is put at 20.475bn litres by 1983 compared with 21.345bn litres in 1979.

The report points out, however, that its forecasts are based on assumptions that real prices will remain unchanged and that real incomes will rise by 1 per cent a year. It estimates a 1 alter total demand by about per cent change in prices would 65m litres while a 1 per cent variation in real incomes would change overall demand by about 39m.

**UK dairy industry: statistical projections of prospects to 1983, price £1.25.*

Colombia ships beef to USSR

BOGOTA — The first shipment of 2,200 tonnes of boneless beef to the USSR under an agreement for 6,600 tonnes signed two months ago was due to leave from a Colombian port yesterday.

This agreement opens prospects for a permanent market for Colombian beef in the USSR. Peru and France have stated their interest in buying Colombian beef, and following a recent visit to Caracas by the Colombian Agriculture Minister there is the possibility of selling 3,000 tonnes of beef to Venezuela, government officials said.

Reuter

Tin prices fall to 13-month low

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES on the London Metal Exchange yesterday, fell to the lowest level since September last year. The cash price lost £75 to £6,905 a tonne following further selling by speculators encouraged by chartist forecasts that the market was on the way down.

Market sentiment was sufficiently depressed to shrug off the news that once again the U.S. stockpile had rejected all bids at its latest fortnightly offering of 500 tons this week. The Straits tin price declined overnight by M$6 to 2,125 a picul (equivalent to 35.14 ringgit per kilo) and M$20 below the International Tin Agreement *"ceiling" level.*

Traders consider that tin is probaly overdue for a price fall after holding up remarkably well considering the decline in other base metals resulting from a general downturn in demand owing to the economic recession in the U.S. and the rest of the world.

It is generally acknowledged that there is no shortage of tin at present, with production estimated to have exceeded supply last year and likely to do so this year.

Although the U.S. stockpile sales have been minimal, because of the desire not to be accused of undermining the market, the fact is that theoretically 10,000 tons of stockpile tin is available on an annual basis for the next three years, obviating the need to build up consumer stocks against the possibility of a supply shortage *developing.*

Other metals, meanwhile, held steady yesterday. Copper was marginally lower in sympathy with the decline in gold. It was noted that some Phelps Dodge workers had rejected the tentative settlement of their strike, since July 1, agreed by the unions coalition. It is still expected that a majority of workers will accept agreement.

However, to leading producers, Asarco and Magma have still not settled, and the provisional agreements reached by other producers are subject to settlement of local issues which could delay a return to work for some time yet.

The zinc market was thrown into confusion by the news that Pennaroya had increased its official European producer price from $780 to $825 a tonne—$20 below the increase recently introduced by Australian and *Canadian producers. Even this* smaller rise has not been followed by European smelters, who claim that the market is not strong enough at present to accept any increase from $780.

Soviet grain estimate cut

MOSCOW—The 1980 USSR grain harvest is likely to total around 190m tonnes, some 45m tonnes below the official target, Soviet agricultural officials say.

They said their estimate of the final total, considerably lower than the latest USDA estimate of 210m tonnes, is unofficial but based on official harvest reports.

They said continuing rain and lack of sunshine across many grain-growing areas had hampered the harvest, 93 per cent of which had been brought in by the beginning of this week.

This would be the second year in succession that the grain harvest has fallen well below 200m tonnes and far short of the planned total. Last year's figure was 179m tonnes against a target of 227m tonnes.

The sources said the 1980 cotton harvest was going extremely well and would probably exceed 10m tonnes, compared with the planned total of 9.35m tonnes.

U.S. Department of Agriculture analysts said if Soviet grain production totalled 190m tonnes, the USSR would have trouble maintaining livestock herds and could even be forced to liquidate them.

Another possibility was that the USSR may be forced to engage in heavy culling of live*stock herds later this year, they* said.

Soviet meat production from January to July has been running about 3 per cent lower than in 1979, due to last year's unusually poor crop of 179m tonnes and the partial U.S. grain embargo imposed after the Soviet intervention in Afghanistan.

The USSR was seeking to rebuild stocks after reserves were *depleted earlier this year, but* with production at 190m tonnes, there is virtually no chance it will be able to increase grain reserves, the analysts said.

USDA analysts said the 190m tonnes figure is not inconceivable and they noted that the U.S. attache in Moscow and some department specialists have been using a figure between 195m and 200m tonnes.

The USDA analysts said the USSR may be wiling to reveal the lower-than-expected production number now that it has *bought 7.7m tonnes out of the* 8m tonnes of U.S. grain allowed for shipment from October 1.

Australian drought fear

BY PATRICIA NEWBY IN CANBERRA

THE AUSTRALIAN Bureau of Agricultural Economics has forecast a 30 per cent drop in winter cereal production this year on 1979-80 mainly because of drought.

In Crop Report, a new publi*cation, published yesterday the* Bureau forecasts that winter cereal production will be down to 14.8m tonnes in 1980-81 com*pared with 21.3m tonnes last* year.

The Bureau warns that unless rain falls in cereal-growing areas of eastern and western Australia this month production will be even lower than that forecast.

Substantial rain is also required in Queensland and Northern New South Wales to increase soil moisture levels and irrigation water supplies for planting of sorghum and summer oilseed crops.

The largest decrease is expected in wheat production which is forecast to fall to 10.9m tonnes in 1980-81 compared with around 16m tonnes last year. The Australian Wheat Board has already revised downwards its wheat forecast to 11.25m tonnes.

Federal and state governments are considering further measures to assist drought-affected farmers.

Sugar falls from new peak

By Our Commodities Staff

LONDON SUGAR futures prices closed higher again yesterday with the March position quoted at £425.40 a tonne, up £0.35 from Tuesday's close. But this was substantially down from the day's peak of £431—the highest traded level for 5¾ years.

Dealers said this level had been reached initially in after-hours trading on Tuesday night following a "buy" recommendation by a New York trading house. Later, however, a "sell" recommendation from another house brought a setback in the market.

In Brussels the EEC Commission granted another high allotment of export licenses at yesterday's weekly tender, though the total was not quite as high as last week's. Licences were issued in respect of 64,500 tonnes of white sugar with an export levy of 17.009 European Currency Units (ECUs) per 100 kilos. This compared with 78,950 tonnes at a levy of 14.643 ECUs last week. London traders said the allotment *had no impact on the market.*

French white sugar production in 1980-81 is likely to be between 3.9m and 4m tonnes, the Agriculture Ministry said yesterday. This would be similar to the 3.97m tonnes recorded last year.

Ivory Coast attacks coffee quotas

ABIDJAN—MR. NORBERT KOUAKOU, *deputy-director* general of the Ivory Coast marketing board said quota allocations to th eAfrican and Malagasy Coffee Organisation (OAMCAF) within the International Coffee Organisation (ICO) quota agreement worked out last week are "highly unrealistic."

The OAMCAF quota of 6.1m bags 60 kilos each "is grossly below export possibilities of the organisation," he complained.

The main members of OAMCAF are the Ivory Coast, Cameroon and Malagasy.

"We feel that any minimum price should be fair and remunerative, taking fully into account production costs," said Mr. Kouakou. But he gave no details.

Reuter

SOUTH AFRICA

Wool industry feels the exports pinch

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA'S wool *industry is facing one of its* most difficult seasons for many years.

When the first auctions of the 1980-81 season were held at the end of August, the Wool Board's market indicator, which reflects a broad spread of prices, opened at 392, three points below its close at the end of last season's auctions in May.

Since then prices have firmed slightly, mainly as a result of the unstable political situation in the Middle East. The indicator was on average 1.8 per cent higher in September 1980 than *in the same month last year.*

The industry expects its total earnings this year to be about the same as last season, when the total value of the clip reached a record R205.6m. This implies a considerable fall in real earnings, following five successive annual increases.

Export patterns

More than 90 per cent of *South Africa's wool production* is exported, with the result that the industry is heavily dependent on economic conditions in the large industrial countries. Estimates indicate a weighted growth rate of 1.8 per cent in real terms in South Africa's main wool markets in the 12 months to next June, compared with 2.5 per cent the previous year.

A recent shift in export pat*terns may worsen South African* producers' problems. Italy overtook Britain for the first time last year as their largest export *market, taking 21.2 per cent* by volume (as against the UK's 21 per cent) and 22.5 per cent by value (UK 18.7 per cent) of total exports.

According to wool industry estimates, demand in Italy is likely to be even weaker next year than in most other consumer countries.

Italian buyers are believed to have purchased large quantities of wool indirectly through France in the past, with the result that exports to France have dropped sharply, from almost 12m kilos in 1978-79 to 6.9m kilos last season. South Africa's other main customers are West Germany and Japan.

Like many other South African exporters, wool producers have had their earnings whittled away by the appreciating Rand. The Rand rose by 4.5 per cent last season against a weighted average of the currencies main wool consuming countries, and has moved up by another 4 per cent since the end of the 1979-80 season. The Wool Board estimates that the cost of absorbing adverse currency fluctuations was close to R10m last season, or around 6 per cent of total export income.

A severe drought in some important sheep farming areas, notably the Karoo and Natal, is unlikely to affect this year's production. According to the Wool Board's first estimate for 1980-81, this season's clip will reach about *100.2m kilos*, up from 99.8m kilos last year. Losses in the drought-striken areas are expected to be more *than made up by increased pro*duction in the Eastern Transvaal and Orange Free State.

In spite of its marketing problems, the wool industry is not greatly concerned about immediate prospects. The Wool Board's chairman, Mr. P. W. Van Rooyen, said recently that growers "are approaching the coming season with optimism."

One important reason is that South Africa, in partnership with Australia (which between them produce about 80 per cent of the world's fine (merino) wool) operates one of the world's most successful commodity price stabilisation agreements. Thanks to an intricate system of secret reserve (floor) prices, backed by substantial buffer stocks and a large stabilisation fund, wool prices have kept rising steadily since the reserve price mechanism was started in 1972.

During the 1972-75 recession for instance, the Wool Board built up its buffer stock by some 16m kilos, thereby preventing a marked fall in export earnings.

Since 1976 the Board has sold out of stock, while prices have risen steadily. The Board's stockpile had dropped to 7.1m *kilos*, about 7 per cent of annual output, by the end of June 1980, and in spite of the stronger Rand, prices were an average of 14.1 per cent higher last season than in 1978-79. payments to producers if prices improve during the season.

Besides price stabilisation mechanisms, the steady increase in South Africa's wool export earnings has been helped by a deliberate effort, including tax incentives, to encourage local processing.

The value added by further processing, mainly scouring, carbonising and cleaning, is substantial. The average unit value of greasy (raw) wool exports was 211.4c per kilo last season. But scoured wool sold at an average of 268.2c per kilo and wool tops at 468.3c per kilo.

Confident

Fifty two per cent of the clip was processed locally in 1979-80, compared to 49 per cent the previous year. The Wool Board is confident that the gains by natural fibres against synthetics in recent years are not about to be lost, in spite of the possibility of lower oil prices. "The consumer's preference for quality products, still rising synthetic fibre prices and the urgency of energy conservation which favours warmer woollen garments, are favourable factors," Mr. Van Rooyen said.

The stabilisation fund, financed by producer levies, has grown steadily. According to a recent report on the wool industry by Standard Bank, it "appears adequate to carry the industry through several lean years." The fund currently stands at R78.1m, 7.5 per cent higher than it was a year ago.

If prices drop significantly, the Wool Board and the government could for the first time in many years, use the fund this year to boost woolgrowers' earnings. The Board's advance payment to producers for the 1980-81 season is 315 cents per kilo, 10.5 per cent higher than last year's initial advance. Although this year's advance is 4 cents below the price paid to producers after March 1, 1980, the Wool Board's policy is to try to raise

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Marginally easier in quiet and routine trading on the London Metal Exchange with forward metal trading between £875 and £881 before closing the late kerb at £878.5. Turnover 16,325 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	847-8	—3.75	851-2	—2.5
3 months	876-7	—1.25	880.5-1	—1
Settlem't	848	—3.5	—	
Cathodes				
Cash	824-5	+1	824-5	—.5
3 months	852-4	+1.25	853-4	......
Settlem't	825	+1	—	......
U.S. Prod		......	*93.5-102	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £848, 47.5; three months £876, 77, 78, 77, 76, 76.5, 77. Cathodes, cash: £823, 24. Kerb: Wirebars, three months £877, 78, 77.5. Afternoon: Wirebars, *three months* 79, 80, 80.5. *Kerb:* Wirebars, three months £878, 79.

TIN—Fell to its lowest level since September 1979—for standard cash material. Forward metal traded around £7,040 throughout the pre-market but ran into heavy selling in the afternoon which, although generally well taken, depressed the price to £7,015. The market then rallied to £7,030 on U.S. physical demand, dipped to £7,000 on speculative and stop-loss selling, and finally ended the late kerb at £7,020. Turnover 1,280 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6955-60	—27.5	6900-10	—75
3 months	7045-50	—40.5	7000-5	—65
Settlem't	6960	—30	—	......
Standard				
Cash	6955-60	—27.5	6900-10	—75
3 months	7045-50	—5	7000-5	—65
Settlem't	6960	—30	—	......
Straits E.	†$2125	—6	—	......
New York	—	......		

Morning: standard, cash £6,970, 50, 60; three months £7,040, 45, 50. Kerb: Standard, three months £7,050, 45. Afternoon: Standard, cash £6,900; three months £7,040, 30, 15, 25, 20, 25, 30, 20, 15, 20, 10, 05, 02, 7,000, 10. Kerb: Standard, three months £7,015, 20, 25, 35, 30, 28, 25.

LEAD—Steady. Initial hedge selling depressed forward metal from £378 to £376 but the market picked up thereafter on light fresh buying interest to close the afternoon kerb at £382. Turnover 8,350 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	362-4	—.75	369-70	+1
3 months	376-.5	—1.5	382-3	......
S'ment	364	......	—	......
U.S. Spot		......	*42-45	......

Morning: Three months £378, 77, 76.5, 76. Kerb: Three months £376, 77. Afternoon: Three months £380, 79, 80, 81, 81.5, 82. Kerb: Three months £381.

ZINC—Little changed with three months closing the afternoon kerb at £348. Turnover 4,675 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficl'	+ or —
	£	£	£	£
Cash	337-.5	+.5	338-9	......
3 months	347-8	+.75	348-.5	......
S'ment	337.5	+.5	—	......
Primw'ts	—	......	*37.5-37.75	—

Morning: Three months £347.5. Kerb: Three months £347. Afternoon: Cash £338; three months £349, 48.5. Kerb: Three *months* £348.

ALUMINIUM—Marginally easier. For*ward metal moved narrowly* between £700 and £703 prior to closing the day at £702.5. Turnover 5,525 tonnes.

Morning: Three months £703, 2.5, 3, 2. Kerb: Three months £703, 2. Afternoon: Three months £702.5, 2. Kerb: Three months £703, 2, 2.5, 1.5, 2, 1.5.

Alumin'm	a.m. Official	+ or —	p.m. Unofficl'l	+ or —
	£	£	£	£
Spot	679-80	+.25	679-80	—1.5
3 months	702-.5	—.5	702-.5	—2.5

NICKEL—Held steady in routine trad*ing with three months material closing* the afternoon kerb at £2,825. Turnover 204 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficl'l	+ or —
Spot	2795-805	—5	2800-15	......
3 months	2825-40	+5	2828-35	—2

Afternoon: Kerb: Three months £2,820, 25.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 6.7p an ounce lower for spot delivery in the London bullion market yesterday at 865p. U.S. equivalents of the fixing levels were: Spot $20.70, down 15c; three-month $21.329, down 15.6c; six-month $22.096, down 16.1c; and 12-month $23.147, down 10.3c. The metal opened at 860-870p ($20.6-$20.85), and closed at 869-879p ($20.80-$21.00).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	865.00p	—6.70	876.0p	—5.8
3 months	897.00p	—8.65	906.0p	—2.5
6 months	930.50p	—7.10	—	......
12months	975.75p	—5.85	—	......

LME—Turnover 206 (139) lots of 10,000 ozs. Morning: Cash untraded. Three months 895, 92, 90, 96. Kerb: Three months 897. Afternoon: Cash untraded; three months 910, 12, 08. Kerm: Three months 907, 8, 7, 6, 7.

COCOA

Cocoa futures continued to trade within the existing narrow range during another featureless day. Combined trade and jobber selling in light volume caused prices to close with losses of £10, while both producers and con*sumers remained withdrawn, reports* Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Dec.	962-63	—11	971-61
March	1002-03	—9	1015-1000
May	1022-24	—8.5	1034-21
July	1042-43	—7.5	1047-42
Sept.	1061-64	—6	1065-63
Dec.	1085-88	—1	—
Nov.	1100-14	—7	1116-15

Sales: 1,339 (1,869) lots of 10 tonnes.

ICO Futures—Daily price for Oct. 7: 104.75 (106.38). Indicator prices for Oct. 8: 10-day average 106.27 (107.03). 15-day average 107.89 (108.29).

COFFEE

A lack of fresh fundamental news and a quiet *physical market contributed* towards a featureless session in Robustas, reports Drexel Burnham Lambert. Prices gradually drifted lower from opening levels, but a steady New *York market influenced some light* commission house buying, which prevented any further losses. Boosted by some late dealer buying, the market gained in strength and earlier losses were eventually erased.

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
Nov.	1070-75	+4	1080-55
January	1093-94	+6	1100-68
March	1062-64	—4	1080-61
May	1060-75	—8.5	1077-53
July	1072-74	—11	1081-65
Sept.	1070-95	—5	—
March	1070-1100	+5	—

Sales: 3,535 (3,821) lots of 5 tonnes.

ICO Indicator prices for Oct. 7 (U.S. cents per pound). Other Mild Arabicas 124.33 (122.00). Robustas ICA 1976 122.75 (122.00). ICA 1968 123.00 (122.25). Unwashed Arabicas 211.50 (211.25). Comb. daily ICA 1968 158.06 (156.67).

GRAINS

LONDON GRAIN FUTURES—Old crops opened unchanged. Values remained steady throughout the day with good buying support for distant options. *Wheat* closed steady, unchanged to 20p higher. Barley saw active trading, values also remaining steady and the main volume being in the nearby positions, closing steady, 5-15p higher on the day, reports Acli.

M'nth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Nov.	97.95	—	92.65	+0.05
Jan.	102.30	+0.10	97.05	+0.15
Mar.	106.00	+0.10	100.70	+0.10
May	109.85	+0.20	104.40	+0.15
July	113.50	+0.10	—	
Sept.	98.60	+0.25	94.10	—0.20

Business done—Wheat: Nov. 97.95, Jan. 102.40-102.20, March 106.05-106.00, May 109.90-109.75, July 113.55-113.55, Sept. 98.75-98.75.

Sales: 179 lots of 100 tonnes.

Barley: Nov. 92.70-92.55, Jan. 97.10-96.90, March 100.75-100.65, May 104.40-104.30, Sept. 94.20-94.20.

Sales: 437 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark *Northern Spring No. 2 14 per cent:* Oct. 97.25, Nov. 98.50, Dec. 102.50, transhipment East Coast. U.S. Hard Winter 13½ per cent: Oct. 99.75, Nov. 100.75, Dec. 101.50, transhipment East *Coast. English Feed fob: Jan.-March* 109, East Coast. Maize: U.S./French: Oct. 120.25, Nov. 120.25, Dec. 120, transhipment East Coast. U.S.: Oct. 123.50, transhipment East Coast. S. African Yellow: Oct.-Nov. 85. Barley: English Feed fob: April-June 109, East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 89.80, E. Midlands 90.00, N. East 89.30, Scotland 87.10. Feed wheat: Eastern 97.30, E. Midlands 97.50, N. East 98.50. Other milling wheat: N. East 98.30.

RUBBER

The London physical market opened easier, with little interest throughout the day, closing on a dull note. Lewis and Peat reported a fob November price *for No. 1 RSS in Kuala Lumpur of* 303.75 (305.5) cents a kilo and SMR 20 at 255 (258.5).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Nov	65.00-65.10	65.40-65.50	65.00
Dec	64.25-64.30	64.70-64.80	64.20
Jan-Mar	66.60-66.70	67.00-67.10	66.80-65.40
Apr-Jne	70.50-70.60	70.60-70.70	70.40-70.00
Jly-Sept	73.40-73.50	73.70-73.90	73.40-73.10
Oct-Dec	76.20-76.50	76.60-76.70	76.40-76.50
Jan-Mar	79.10-79.20	79.50-79.60	79.10-79.00
Apl-Jne	81.50-82.00	82.40-82.50	81.90
Jly-Sept	84.50-84.60	85.00-85.20	—

Sales: 287 (172) at 15 tonnes, 7 (nil) at 5 tonnes.

Physical closing prices (buyer) were: Spot 61.50p (62.25p); Nov. 63.25p (63.75p); Dec. 64.50p (64.75p).

SOYABEAN MEAL

The London market opened with gains of 50p following a private forecaster's *estimate of further reductions in Soya*beanmeal crop, reports T. G. Roddick. Prices continued to firm on trade buying, but ran into some profit-taking at higher leveles and closed with gains of around £1.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
October	124.00-29.0	+1	—
December	131.60-31.7	+1.05	131.80-130.70
February	134.60-34.8	+1.15	135.20-134.40
April	135.30-35.3	+0.95	135.40-
June	135.70-35.9	+1.55	135.60-134.80
August	135.50-35.8	+0.85	—
October	128.50-29.0	+0.20	—

Sales: 148 (366) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £383.00 (£385.00) a tonne cif for Sept.-Oct.-Nov. shipments. White sugar daily price was £384.00 (£380.00).

Rumours that the USSR had made *further purchases lifted prices initially* some £3 above overnight levels. However, therew as no follow-through on the upside, and prices fluctuated within a £3 trading range throughout the rest of the day, reported C. Czarnikow.

No. 4 Contract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Jan	408.00-10.25	408.50-08.50	412.80-10.00
Mch	425.50-25.60	425.00-25.10	431.00-24.00
May	421.60-21.75	422.20-22.25	427.00-10.00
Aug	407.00-07.25	408.00-08.50	412.00-08.95
Oct	387.00-87.75	388.00-87.10	390.00-85.00
Jan	358.00-88.00	358.00-88.00	—
March	347.00-61.00	370.00-62.00	—

Sales: 9,014 (9,673) lots of 50 tonnes.

No. 2 Contract — Close (in order *buyer, seller, business, sales):* Oct. 390.00, 395.00, 402.00-391.00, 30. Sales: 30 (42).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £486.50 (£490.50) for export.

International Sugar Agreement (U.S. cents per pound) (fob and stowed Caribbean port). Prices for Oct. 7: Daily price 39.88 (same); 15-day average 37.80 (37.57).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound: Oct. 456.0, 457.0, 457.0-455.5, 38; Dec. 470.0, 472.0, 472.0-467.0, 84; March 491.0, 492.0, 494.5-490.0, 194; May 499.0, 499.5, 502.0-499.0, 155; July 505.0, 507.0, 507.0-503.5, 25; Oct. 503.0, 504.0, 504.0-501.0, 26; Dec. 504.5, 508.6, 506.0-504.0, 10; March 509.5, 512.0, 510.0-506.0, 10. Sales: 543.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business sales). New Zealand cents per kg: Oct. 355, 365, nil, nil; Dec. 354, 368, 365-364, 5; Jan. 363, 368, 364, 2; March 367, 371, 370, 7; May 367, 373, 371, 1; Aug. 375, 379, 378, 1; Oct. 378, 382, 379, 2; Dec. 379, 385, nil, nil; Jan. 382, 385, nil, nil; March 383, 388, nil, nil. Sales: 18.

POTATOES

LONDON POTATOE FUTURES — The late selling pressure seen yesterday continued for most of the day, but with levels up to £2 off the week's highs. Profit-taking stemmed the decline, and towards the close values firmed slightly, reports Coley and Harper. Closing prices: Nov. 42.30 unch. (high 42.20, low 41.90); Feb. 52.70 —20 (high 52.80, *low 52.60); April* 60.50 —20 (high 60.50, low 60.30). Total traded: 31 (33) lots of 40 tonnes.

COTTON

LIVERPOOL—No spot or shipment sales were recorded yesterday, as on the two previous trading days this week. Customers were cautious and the mood of lethargy among users was *sustained. Even inquiry failed* to broaden, and the offtake in all directions was negligible.

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 8 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£819/815
Free Mkt	$1600/1650	......	$1710/40
Copper			
Cash w'bar	£851.5	—2.5	£871.5
3 mths	£880.75	—1	£892.25
Cash Cathode	£825	—0.5	£843.5
3 mths	£853.5	......	£866.5
Gold troy oz	$676.5	—2	$684.5
Lead Cash	£369.5	+1	£367.5
3 mths	£382.5	......	£383.5
Nickel	£3,168	......	£3,205.0
Freemkt (cif lb)	280/315c	......	290/315c
Platin'mtr'y oz	£202	......	£202
Free mkt	£289.20	......	£297.75
Quicksilver†	$415/420	......	$405/415
Silver troy oz	865.00p	—6.70	820.55p
3 mths	897.00p	—8.65	855.05p
Tin Cash	£6,905	—75	£7,295
3 mths	£7,002.5	—65	£7,556.5
Tungsten 22.04lb	$146.48	......	$144.87
Wolfrm 22.04 lbs	$148/152	......	$151/154
Zinc cash	£338.5	......	£328.5
3 months	£348.25	—1	£341.75
Producers	$780	......	$780
Oils			
Coconut (Phil.)	$560w	—5	$630
Groundnut	‡	......	‡
Linseed Crude	£388t	......	£597
Palm Malayan	$510x	......	$550
Seeds			
Copra Philip	$560w	......	$415
Soyabean (U.S.)	$335v	—1	$342
Grains			
Barley Futures	£97.05	+0.15	£93.20
Maize			
French No3AM	£120.25	......	£122.50
Wheat			
No.1 Red Spg.	‡	......	‡
No2HardWint	£99.75t	—0.50	£97.25
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,047	—9	£1,065
Future Mar.	£1,002.5	—9	£1,004.5
CoffeeFt' Jan.	£1,093.5	+6	£1,202
Cotton A.Index	99.05c	......	102.10c
Rubber (kilo)	61.50p	—0.75	64p
Sugar (Raw)	£383	—3	£310
Woolt'ps 64s kl.	292p kilo	......	287p kilo

‡ Unquoted. t Oct. u Sept.-Oct. v Nov. w Oct.-Nov. z Indicator. § Buyer. † Per 76-lb flask. * Nominal. r Nov.-Dec. x Dec.

*

—HIDES—Here are the auction prices 2nd clears for Leeds; Birmingham prices in brackets. Ox: 31/35.5 27.3 (25.8), 26/30.5 33.3 (30.5), 22/25.5 39.2 (36.8). Light cows: 25.5/under 35.5 (34.5). The market was firmer.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 58.7 to 64.0; Eire hindquarters 68.3 to 71.5, forequarters 41.5 to 43.2. Veal: Dutch hinds and ends 98.0 to 102.0. Lamb: English small 59.5 to 64.7, medium 57.5 to 62.5, heavy 56.0 to 58.0; Scotch heavy 50.0 to 62.0. Imported frozen: New Zealand PL *55.0 to 56.0, PM 49.0 to 50.0. Pork:* English, under 100 lbs 42.0 to 49.0, 100-120 lbs 40.0 to 48.0, 120-160 lbs 38.0 to 44.5. Grouse: Young best (each) 220.0 to 260.0.

MEAT COMMISSION—*Average fat*stock prices at representative markets on October 8. GB cattle 71.43p per kg lw (+0.33); UK sheep 138.08p per kg est dcw (+25.16); GB pigs 67.99p per kg lw (+1.40).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Oranges—Outspan: Valencia Lates 48 5.40, 56 5.75, 72 5.85, 88 4.65, 112 4.70, 138 4.55, 150 4.40; Brazilian: 72/138 3.60-4.00. Lemons—Spania: Trays 25/45 2.40-3.00; Outspan: Trays 45 4.30; Turkish: 15-kg 4.50-5.50; Cyprus: 90/105 5.20-6.60, 5-kg trays 3.00-3.20. Grapefruit—Dominican: 36/63 5.50-6.00; Honduras: 36/48 5.00-5.50; Cyprus: 36/42/48/54 5.50; Cuban: 4.80-5.00; Jaffa: 15-kg 42 5.90, 48 5.75, 60 5.60. Satsumas—Spania: 182 5.50, 154 6.00, 108/126 6.50-7.00. Apples—French: Starkcrimson 72/84 1.70-2.20, Golden Delicious approx. 20-lb, 72 1.70-2.15, 84 1.30-1.80; 40-lb 125/163 3.20-3.60, Granny Smith 20-lb 72 2.10-2.30, 84 1.50-1.80; *Dutch: Cox's Orange Pippins,* jumble pack, per pound 0.12. Pears—French: Per 28-lb Williams 2.50-3.00; *Italian: Per pound Williams 0.13-0.16.* Plums—Italian: Boxes, Stanleys per pound 0.12. Grapes—Italian: Regina, per pack 1.30-1.70. Wine per pound 0.10, Italia 2.00-2.80; Spanish: Almeria 2.00-2.40, Black 2.60; French: Alphonse 2.40. Melons—Spanish: Yellow 10-kg 2.60-3.30, Green 7/11's 2.40-2.60. Tomatoes—Jersey: 1.60-1.80; Dutch: 2.40; Spanish: 1.50-2.20; Guernsey: 2.00-2.20. Onions—Spanish: 2.80-3.30; Dutch: 2.00-2.20, Picklers 2.60-2.80. Cabbages—Dutch: White 2.80. Pomegranates—Spanish: 40/60 3.00-3.60. Cucumbers—Dutch: 12's 2.00-3.00. Nuts—Large washed Brazils per pound 0.30, medium 0.25; Chinese walnuts 30mm 55-lb, per pound 0.32; Almonds, large hard 0.38, medium 0.35; Ibiza to arrive 0.48; Pecan nuts 0.65; Filborts Sicilian 19mm 0.48.

English Produce: Potatoes—Per bag, new 1.20-1.80. Mushrooms—Per pound 0.50-0.80. Apples—Per pound Derby 0.05-0.06, Bramleys 0.07-0.10, Worcester Pearmain 0.08-0.12, Cox's Orange *Pippins 0.10-0.16.* Pears—Per pound Conference 0.08-0.12. Plums—Per 12-lb Damsons 1.80, Marjorie Seedlings 1.40-1.80. Strawberries—Per ½-lb 0.30-0.35. Cabbages—Per bag 1.20, White cabbages 2.40. Cauliflowers—Per 12 2.40-2.80. Beetroots—Per bag 1.00. Cucumbers—Trays 10/20 2.60-3.30. Tomatoes—Per 12-lb 1.60-2.00. Lettuce —Per 12 round 1.30-1.50, Cos 1.30, Webbs 1.20. Sprouts—Per pound 0.08. Corn Cobs—Each 0.06-0.08. Carrots—Per 28-lb 0.70-1.20. Onions—Per bag 2.00-2.50, Picklers 2.50. Celery—Per pack 20/30 2.40-2.50, naked 12/16 1.20. Capsicums—Per pound 0.30. Swedes —Per 28-lb Devon 0.70. Courgettes—Per pound 0.10-0.12. Cob Nuts—Per pound 0.38-0.40.

*

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £6.00-£6.80, codlings £4.40-£5.70; large haddock £3.00-£4.60, medium £2.20-£4.20, small £1.20-£3.00; large plaice £5.40-£5.80, medium 4.00-£5.60, best small £3.40-£4.20; large skinned dogfish £9.50-£10.00, medium £9.00; large lemon soles £9.50, medium £8.50; rockfish £2.40-£2.70; reds £3.20-£3.40; saithe £3.00-£3.60.

AMERICAN MARKETS

NEW YORK, October 8.

PRECIOUS METALS found underlying support from the escalation in the Middle East and finished moderately higher. Light profit-taking in copper resulted in a lower close. Strong fundamentals in sugar are providing support on any attempt to sell into the market. Dealer buying put coffee prices higher in light trading. Brazilian selling of cocoa produced a moderately lower close. Cotton finished higher as the trade began to even up prior to the government estimate on Friday. The livestock closed very strong on a late rally. Grains and soyabeans finished mixed with underlying support being provided by a bullish private crop estimate, and a lower estimate of the Soviet crop, reported Heinold.

Copper—Oct. 92.55 (92.80), Nov. 93.45 (93.80), Dec. 94.45, Jan. 95.25, March 96.95, May 98.50, July 100.05, Sept. 101.65, Dec. 104.05, Jan. 104.85, March 106.45, May 108.05, July 109.65. Sales: 4,700.

Potatoes (round whites)—Nov. 92.1 (92.5), March 128.7 (128.6), April 151.1. Sales: 2,757.

CHICAGO, October 8.

Live Cattle—Oct. 68.95 (68.37), Dec. 71.15 (70.45), Jan. 71.70, Feb. 73.00, April 74.70, June 75.42, Aug. 74.50, Oct. 73.85, Dec. 74.60.

Live Hogs—Oct. 47.42 (47.00), Dec. 49.55 (49.55), Feb. 53.05, April 52.10, June 55.87, July 56.70, Aug. 56.00, Oct. 54.90, Dec. 56.25.

Tin—775.0-780.0 (779.0-785.0).

Lard—Chicago loose 22.00 (21.50). New York prime steam unavailable.

‡Maize—Dec. 350½-351 (349¾), March 361¾-361½ (361¾), May 366-366½, July 365¼-365, Sept. 355, Dec. 346.

Pork Bellies—Feb. 66.82 (65.10), March 66.85 (65.07), May 68.42, July 69.10, Aug. 68.00.

‡Soyabeans—Nov. 822-820 (820½), Jan. 842-843 (844), March 868½-869, May 882½-883½, July 891-890, Aug. 880, Sept. 831, Nov. 801-803.

Soyabean Meal—Oct. 240.5-240.3, Dec. 247.5-247.2 (246.6), Jan. 250.7-250.5, March 255.8, May 257.5, July 259.5, Aug. 255.5-265.5, Sept. 243.5-243.9, Oct. 231.0, Dec. 230.0-231.0.

Soyabean Oil—Oct. 25.55 (25.55), Dec. 26.10-26.05 (26.17), Jan. 26.40-26.35, March 27.07-27.01, May 27.40, July 27.80-27.85, Aug. 27.50-27.55, Sept. 27.09-27.10, Oct. 26.50-26.55.

†Wheat—Dec. 503½-503 (502), March 524-523½ (523¼), May 532½-532, July 537, Sept. 535, Dec. 546.

WINNIPEG, October 8. §Barley—Oct. 133.80-134.30 (136.00), Dec. 134.30-136.00 (135.50), March 136.50-137.50, May 137.20-138.50, July 137.00-137.30.

All cents per pound ex-warehouse *unless otherwise stated.* * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, October 8.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent: Oct. 216, Nov. 218, Dec. 220, Jan. 227, Feb. 230, March 232. U.S. No. 2 Red Winter: Oct. 211, Nov. 213, Dec. 220. U.S. No. 2 Northern Spring, 14 per cent: Oct. 207, Nov. 211, Dec. 217.50, Jan. 233.50, Feb. 239.50, March 242.50, April-May 227.50.

Maize—U.S. No. 3 Corn Yellow afloat 160, Oct. 160, Nov. 163, Dec. 167, Jan.-March 174.50, April-June 176, July-Sept. 173.50, Oct.-Dec. 172, sellers.

Soyabeans—U.S. Two Yellow Gulfports: Oct. 324, Nov. 327, Dec. 336.50, Jan. 343, Feb. 350, March 352.25, April 359, May 360, June 359.75, July 360.75, Oct. 323.75, Nov. 321.90, Dec. 328, sellers. Argentine: Oct. 320.60.

Soyameal—44 per cent protein U.S.: afloat 289, Oct. 295, Nov. 296, Dec. 302, Nov.-March 303 traded, 305 sellers. Brazil Pellets: afloat 300, Oct. 301, Nov. 312, Dec. 314, Nov.-March 317, sellers.

PARIS, October 8.

Sugar (FFr per 100 kilos)—Nov. unquoted, Dec. 3930-3959, March 4130-4135, May 4125-4140, July 4020-4090, Aug. 4030-4100, Oct. 3900-3948, Nov. unquoted. Sales at call: 2.

INDICES

FINANCIAL TIMES

Oct. 7	Oct. 6	M'nth ago	Year ago
276.22	275.72	280.47	303.61

(Base: July 1, 1952=100).

MOODY'S

Oct. 7	Oct. 6	M'nth ago	Year ago
1215.2	1314.2	1267.0	1158.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 7	Oct. 6	Month ago	Year ago
Spot	467.21	466.25	448.45	412.06
F'tur's	491.16	490.00	471.53	422.59

(Average 1924-25-26=100)

REUTERS

Oct. 8	Oct. 7	M'nth ago	Year ago
1747.9	1763.9	1750.8	1669.8

(Base September 18, 1931=100)

LONDON STOCK EXCHANGE

Markets turn dull on view that lower interest rates may still be some way off—Gilts lead downturn

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept. 29	Oct. 9	Oct. 10	Oct. 20
Oct. 13	Oct. 23	Oct. 24	Nov. 3
Oct. 22	Nov. 6	Nov. 7	Nov. 17

* "New time" dealings may take place from 9 am two business days earlier.

The view that September's much improved money supply trend was, on its own, not enough to justify any reduction in domestic interest rates at the moment reversed yesterday the recent steady to firm tone in London stock markets.

Gilt-edged securities were particularly vulnerable and lacked the enthusiasm which had enabled the Government broker to sell supplies of the partly-paid long tap stock, Exchequer 12 per cent 1998 "A," over the previous two days. Although selling was relatively light, long-dated stocks fell ½ before staging a tentative rally and reacting to close at the day's lowest. The shorts moved narrowly throughout and ended with a sprinkling of small changes.

Leading equities were marked down at the opening, but few sellers appeared and a rally developed as buyers ventured in. The demand was satisfied, however, and the lack of interest later caused most leaders to revert to the lower opening levels.

Showing a fall of 3.8 at the 10.00 am calculation, the FT 30-share rallied to stand only 0.6 off at noon before settling 3.8 down on balance at 479.5. Conditions were extremely quiet and the equity market was sensitive to speculation about trading results, due shortly or in the near future, from leaders such as Glaxo, Metal Box and ICI.

A total of 1,178 contracts were arranged in Traded options, compared with the previous day's 1,461.

Hesketh Motorcycles, which staged a disappointing debut two weeks ago, shed 4 to 70p which compares with the offer price of 80p.

Discounts down late

In sympathy with Gilts, Discount Houses took a turn for the worse and closed with falls ranging to 11. Alexanders lost that much to 253p, Cater Ryder fell 7 to 368p, while Allen Harvey and Ross, 380p, and Union, 505p, declined 5 apiece. Among smaller-priced issues, Clive dipped 3 to 48p and King and Shaxson gave up 4 at 86p. Elsewhere, Kleinwort Benson were favoured among merchant banks and settled 6 better at 236p.

Interest in leading Breweries remained at a low ebb and most issues were content to hover around the previous day's closing positions. Scottish and Newcastle firmed the turn to 62½p, but Whitbread shed a penny to 156p.

Buildings had good features in John Finlan, up 6 at 83p on sharply increased interim profits, and Ibstock Johnsen, 7 firmer at 71p owing to vague takeover suggestions. Crouch Group, still responding to recent U.S. property sales, added another 6 to 154p, while Edward Jones improved a penny to 14p after the half-yearly results. Barratt Developments attracted buyers and added 4 at 166p and M. J. Gleeson rose 2 further to a peak for the year of 44p. Comment on the £35m bid for Armitage Shanks clipped 4 more from Blue Circle at 334p, while Armitage eased a penny to 110p. Tarmac shed 3 to 267p on small sales, but London Brick hardened a penny to 72p. In Timbers, Montague L. Meyer remained on offer at 91p, down 2, but International hardened the turn to 96p and Magnet and Southerns put on a couple of pence at 122p.

ICI, which fell 10 on Tuesday reflecting concern about the third-quarter results, due at the end of next month, opened a couple of pence lower at 328p before reverting to 330p.

Empire weaken

Investment incentive was again lacking in Stores and most leaders drifted easier in a subdued business. Recently firm following an investment recommendation, Gussies "A" reacted 4 to 454p, while Burton fell a similar amount to 101p: the latter is due to announce annual results next month. A steady stream of company trading statements provided interest in secondary issues. More discouraging news for the mail-order sector was supplied by Empire, which announced a 33 per cent setback in first-half profits and closed 10 lower at 130p. Freemans, which reported similar tidings on Monday, eased 2 more to 104p, while Grattan also shed 2 to 66p. Interim results from Harris Queensway also proved to be disappointing and the close was 12 down at 142p, but the increased interim profits and dividend helped House of Lerose rise 4 to 65p. Profit-taking left recent high-flyers Kean and Scott, 10 lower at 105p, and Cornell Dresses, 4 off at 76p, but renewed bid hopes lifted B. Paradise 8 to 56p. Moss Bros. improved 15 to 215p ahead of today's mid-term statement.

The Electrical leaders, pacemakers in the recent market upturn, turned reactionary on profit-taking. Closing levels were generally the lowest of the day and Thorn EMI led the retreat with a fall of 11 to 336p. GEC lost 8 to 515p and Racal cheapened 6 to 317p, while Plessey declined a few pence to 239p. Elsewhere, Amstrad improved 2 to 94p, after 96p, in response to the increased annual earnings and encouraging statement. Comment on the good interim profits performance helped Farnell improve 7 more for a two-day rise of 27 to 363p, while Cray Electronics encountered renewed support at 72p, up 6.

Vosper stood out in Engineerings with a fall of 16 to 79p following news of the interim dividend omission and 62 per cent contraction in first-half profits; the Board have decided to accept the Government's £5.3m compensation payment for nationalisation of its shipbuilding interests. Yarrow fell 7 to 200p in sympathy with Vosper. Amalgamated Power softened 2 to 57p, after 56p, on the reduced interim dividend and lower first-half earnings, while falls of 4 and 6 respectively were seen in Martonair International, 218p, and Stothert and Pitt, 80p. R. Cartwright eased 2 more to 55p, still reflecting the poor mid-term results, but Ductile Steels rose 4 to 70p ahead of the preliminary results, due late this month.

Leading Foods often succumbed to light selling, Cadbury Schweppes losing 1½ to 70½p and Brooke Bond shedding 2 at 51½p. Rowntree Mackintosh also closed 2 off at 172p, but Northern hardened a penny more at 144p. Somportex featured secondary issues with a rise of 15 to 325p in a thin market, while William Low added 3 at 132p. Consideration of the proposed £2.4m rights issue, partly to finance the £1.5m purchase of 66 Freezer Fare frozen food stores, left Argyle Foods 2 dearer at 71p.

Glaxo down again

Talk that the company might announce fund-raising proposals with next Monday's preliminary figures induced fresh weakness in Glaxo which fell away to record its second consecutive day's decline of 8 at 222p; reports that the group were experiencing drug marketing difficulties in the U.S. were an additional drag on sentiment.

Other miscellaneous industrial leaders closed easier for choice with Boots down 4 at 222p and Rank Organisation 6 at 166p. Elsewhere, Grovebell halved in price to 6p on the Board's decision not to pay an interim dividend on the Preference shares. F. Austin (Leyton) dipped 2½ to 5p on the announcement of an annual deficit and final dividend ommission. Rockware fell 7 to 63p, the omission of the interim dividend and Board's forecast of a second-half loss outweighed the sharp increase in first-half earnings. Lawtex, on the other hand, rose 6 to 58p on the better-than-expected preliminary figures and W. Canning gained 7 to 50p on buying ahead of Monday's mid-term results.

Lucas, a penny or two firmer in the early business, closed a net 2 cheaper at 188p following the chairman's remarks on the UK recession. Elsewhere in rarely-altered Motors, BL added a couple of pence to 23p, after 24½p, on the successful launch of the new Mini Metro. Peak Investments were suspended at 5½p following appointment of a receiver.

Newspapers turned easier, Daily Mail A reacting 8 to 485p and Associated 6 to 292p. News International gave up 4 to 91p following the interim results.

Against the trend in Properties, Country and New Town stood out with a gain of 4 at 59p, after 60p, while M. P. Kent added 2 to 83p on the good annual results and confident statement. Leading issues met with early selling, but steadied at the lower levels, Land Securities closing 4 off at 384p, after 383p, and MEPC finishing a penny cheaper at 236p, after 234p. Great Portland Estates reverted to 224p from 220p, but Stock Conversion and Haslemere Estates both ended 4 down at 323p and 374p respectively.

Interest in Oils centred mainly on Ultramar, which touched 470p before closing a net 10 up at 460p on revived bid rumours. Leading issues were subdued, but small U.S. support left British Petroleum 2 firmer on balance at 410p, after 404p. Shell remained at 418p. Elsewhere, I C Gas met with profit-taking and shed 16 to 262p, while Lasmo gave up 10 at 755p and KCA International 6 at 143p. Aran Energy slipped 25 to 325p and Charterhall 4 to 82p. Hunting Petroleum closed a couple of pence cheaper at 200p despite the interim profits increase.

Mercantile House were outstanding in Financial Trusts, jumping 21 to 323p on strong speculative demand. Akroyd and Smithers, firm of late in front of next month's preliminary statement, eased 3 to 370p, but fellow stockjobbers Smith Brothers firmed a penny to a 1980 peak of 47p. Support was lacking for Hampton Trust, 4½ down at 77p, and for London Merchant Securities, 5 off at 135p, but W. Goodkind added a couple of pence to 36p.

Australians see-saw

Another bout of nervousness over the possibility of a Labor win in the October 18 Federal Election sent Australian mining issues lower on fairly heavy London selling after a further decline in overnight domestic markets.

However, sentiment improved during the afternoon and short-covering together with a light revived buying interest prompted a good rally which left some leading issues up on the day.

Among top quality issues, MIM Holdings were finally 7 higher at 244p, Western Mining 8 firmer at 274p and Bougainville 2 up at 118p.

The Uraniums, however, were again hard hit reflecting the Australian Labor Party's traditional opposition to this particularly industry. Pancontinental and EZ Industries were both around 20 cheaper at 365p and 310p respectively, while Peko-Wallsend gave up 10 at 555p, after 550p.

The participants in the Ashton diamond venture were generally steady, after the sharp falls on Tuesday which preceded the latest quarterly report. Ashton hardened 2 to 142p. Northern Mining were unaltered at 120p and consortium leader CRA were 2 cheaper at 301p, after 296p.

Lack of interest linked to the uninspiring performance of the bullion price left South African Golds showing widespread losses. The Gold Mines index fell 6.3 to 516.6.

Financials, too, drifted easier in subdued trading. Tanks were 11 down at 312p and RTZ 8 lower at 442p, while Gold Fields dipped 6 to 654p.

FINANCIAL TIMES STOCK INDICES

	Oct. 8	Oct. 7	Oct. 6	Oct. 3	Oct. 2	Oct. 1	A year ago
Government Secs	70.94	71.11	71.07	70.76	70.71	70.74	70.70
Fixed Interest	71.92	72.03	71.96	71.72	71.67	71.66	73.56
Industrial Ord.	479.5	483.3	484.4	479.3	478.7	483.2	470.0
Gold Mines	516.6	522.9	522.3	509.6	515.8	534.2	457.1
Ord. Div. Yield	7.71	7.64	7.62	7.68	7.68	7.61	7.09
Earnings, Yld. % (full)	17.40	17.23	17.18	17.33	17.32	17.16	17.39
P/E Ratio (net) (*)	7.04	7.10	7.13	7.07	7.07	7.15	7.16
Total Bargains	20,128	20,995	21,605	20,156	20,593	21,818	19,190
Equity turnover £m.	—	118.87	112.92	133.02	137.47	131.97	106.10
Equity bargains total	—	16,728	16,185	16,214	16,075	16,250	19,110

10 am 479.5. 11 am 480.6. Noon 482.7. 1 pm 482.5. 2 pm 481.9. 3 pm 480.9.

Latest Index 01-246 8026.

* Nil=6.55.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	508.9 (12.9)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines.	558.9 (22/9)	265.5 (18/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 8	Oct. 7
—Daily		
Gilt Edged	91.5	126.8
Industrials	99.6	104.1
Speculative	59.2	80.2
Totals	71.6	82.6
5-day Avrge.		
Gilt Edged	107.0	109.2
Industrials	100.3	100.1
Speculative	83.9	91.0
Totals	77.0	77.6

LEADERS AND LAGGARDS

Percentage changes since December 31, 1979, based on Tuesday, October 7.

Group	%	Group	%
Gold Mines	+ 94.68	Stores	+ 24.07
Insurance (Life)	+ 67.84	500 Share Index	+ 22.75
Mining Finance	+ 65.06	Industrial Group	+ 21.95
Merchant Banks	+ 64.96	Mechanical Engineering	+ 19.39
Electricals	+ 59.43	Engineering Contractors	+ 19.27
Property	+ 46.80	Pharmaceutical Products	+ 19.00
Electronics, Radio and TV	+ 46.72	Other Groups	+ 17.52
Insurance (Composite)	+ 46.22	Consumer Goods (Non-Durable)	+ 17.05
Investment Trusts	+ 44.69	Newspapers and Publishing	+ 16.57
Hire Purchase	+ 42.04	Food Manufacturing	+ 15.50
Overseas Traders	+ 38.20	Banks	+ 13.11
Financial Group	+ 38.04	Tobaccos	+ 12.75
Shipping	+ 35.36	Breweries	+ 10.28
Discount Houses	+ 35.09	Metal and Metal Forming	+ 8.45
Capital Goods Group	+ 33.01	Packaging and Paper	+ 6.52
Food Retailing	+ 31.96	Chemicals	+ 5.89
Insurance Brokers	+ 30.52	Wines and Spirits	+ 2.06
Contracting and Construction	+ 29.22	Office Equipment	+ 1.54
All-Share Index	+ 28.08	Textiles	− 4.24
Consumer Goods (Durable) Group	+ 27.53	Motors and Distributors	− 5.49
Entertainment and Catering	+ 26.54	Household Goods	− 23.41
Building Materials	+ 26.52	Toys and Games	− 41.92
Oils	+ 25.37		

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Ultramar	25p	12	460	+10	460	206
RTZ 9½pcCnv.Uns. Ln. 1995-2000	Nil/pd.	8	£4pm	− ½	£15pm	£4pm
LASMO	25p	6	755	−10	830	337
Rank Organisation	25p	6	166	− 6	228	146
Shell Transport	25p	6	418	—	432	314
Vickers	£1	6	136	− 2	145	99½
BP	25p	5	410	+ 2	416	320
Burmah Oil	£1	5	188	− 1	249	162
ICI	£1	5	330	—	402	330
Imp. Cont. Gas New Capital	£1	5	263	−16	305	201
Plessey	50p	5	239	− 3	265	108
Racal Electronics	25p	5	317	− 6	341	175
Stewart Plastics	25p	5	96	—	102	70
GEC	25p	4	515	− 8	540	326
Prudential	25p	4	263	—	268	162

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 6	Oct. 17	Jan. 8	Jan. 19
Oct. 20	Oct. 31	Jan. 22	Feb. 2
Nov. 3	Nov. 14	Feb. 5	Feb. 16

For rate indications see end of Share Information Service

Calls were arranged in Shell, William Press, Endeavour, Raglan Property, Westland Aircraft, Town and City Properties, Montague L. Meyer, Dunlop, Target Petroleum, FNFC, Charterhouse Petroleum, Australian Consolidated Minerals, Barker and Dobson, Woodside, Duple, Duport, BP, Charterhall, Double Eagle and Lonrho. Puts were done in Ladbroke and Britannic Assurance, while doubles were struck in Endeavour, Ultramar, FNFC, Freemans and Vosper.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	12	59	24
Corpns., Dom. and Foreign Bonds	11	7	47
Industrials	164	297	929
Financial and Prop.	63	132	299
Oils	8	35	14
Plantations	1	8	15
Mines	16	87	56
Others	26	73	73
Totals	301	698	1,457

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (43)

BRITISH FUNDS (3)
Treas. 9½pc 1981 — Exchqr. 9½pc 1981 — Exchqr. 8¼pc 1981

CORPORATION LOANS (1)
L.C.C. 6½pc '85-90

FINANCIAL LOANS (2)
FFI (UK Fin.) 11pc Uns. Ln. 1988 — FFI 11¼pc Uns. Ln. 1990

FOREIGN BONDS (1)
S.G.I. 6½pc 1980

AMERICANS (1)
Fluor Corp.

BANKS (2)
Brown Shipley — Prov. Financial

BUILDINGS (4)
Crouch Group — Gleeson (M. J.) — Finlan (John) — Pochin's

STORES (1)
Paradise (B.)

ELECTRICALS (3)
Cray Electronics — Wholesale Fittings — Electronic Machine

ENGINEERING (1)
Concentric

FOODS (1)
Somportex

INDUSTRIALS (3)
Ropner — Do. A — Barget

LEISURE (1)
Lancaster (D. M.)

PROPERTY (4)
Country & N. Town — Samuel Props. — Hammerson A — Scot. Metropolitan

TRUSTS (12)
Berry Trust — Lancs. & Lond. Inv. — Crescent Japan — Murray Minor Inv. — Crossfriars — Do. B — Cumulus — Scot. American Inv. — Inv. in Success — Mercantile House — Jersey Gen. — Smith Brothers

OIL & GAS (2)
Clyde Petroleum — Ultramar

MINES (1)
SPO Minerals

NEW LOWS (35)

FOREIGN BONDS (1)
Turin 9pc 1991

CANADIANS (1)
Massey Ferguson

BUILDINGS (1)
Heywood Williams

CHEMICALS (2)
Morley (R. H.) — Wolstenholme

STORES (2)
Burton Group — Freemans (London)

ENGINEERING (10)
Austin (James) — Neepsend — Baker Perkins — Sykes (Henry) — Cartwright (R.) — Vosper — Deritend — Weir Group — Greenbank — Yarrow

HOTELS (2)
Norfolk Cap. — Prince of Wales

INDUSTRIALS (12)
Austin (F.) (Leyton) — Grovebell — Avon Rubber — Holt Lloyd Int. — Braby Leslie — Hoskins & Horton — Brooks Watson — Hyman (I. & J.) — Cape Inds. — Rock Darkam — Eastern Produce — Rockware

MOTORS (2)
Woodhead (J.) — Manor Nat. Group

PAPER (1)
Delyn

MINES (1)
Seltrust A

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Oct. 8, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., Oct. 7 Index No.	Mon., Oct. 6 Index No.	Fri., Oct. 3 Index No.	Thurs., Oct. 2 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	281.63	−0.8	15.65	5.88	7.76	283.86	282.80	280.03	280.48	243.34
2	Building Materials (28)	250.58	−0.1	18.80	6.84	6.33	250.75	250.38	248.48	247.68	239.63
3	Contracting, Construction (27)	420.75	+0.3	21.86	5.89	5.39	419.62	416.97	413.17	413.23	381.12
4	Electricals (17)	864.17	−1.4	11.27	3.08	10.91	876.32	871.00	856.72	859.18	624.04
5	Engineering Contractors (11)	343.29	—	18.04	7.58	7.07	343.12	342.58	341.91	343.92	332.71
6	Mechanical Engineering (72)	177.91	−0.5	16.31	7.57	7.48	178.82	178.77	177.69	178.02	164.23
8	Metals and Metal Forming (16)	154.50	−1.7	18.90	10.50	6.58	157.15	156.31	156.34	157.17	160.35
11	CONSUMER GOODS (DURABLE) (48)	239.80	−1.2	13.39	5.25	8.93	242.80	240.76	238.33	238.87	239.99
12	Lt. Electronics, Radio, TV (14)	370.60	−1.4	10.27	3.73	11.83	375.79	371.85	368.26	369.41	345.14
13	Household Goods (13)	88.76	−0.4	25.48	11.08	4.96	89.15	88.74	88.54	88.46	144.35
14	Motors and Distributors (21)	97.08	−0.9	22.38	9.64	5.14	97.93	97.76	96.47	96.45	111.54
21	CONSUMER GOODS (NON DURABLES) (171)	237.32	−0.5	17.33	6.82	6.97	238.48	237.61	236.16	236.38	239.91
22	Breweries (14)	279.09	+0.1	16.29	6.60	7.17	278.84	278.13	275.71	276.57	293.20
23	Wines and Spirits (5)	298.78	−0.1	20.49	6.82	5.77	299.18	301.75	301.50	306.43	322.96
24	Entertainment, Catering (17)	345.34	−0.2	16.78	6.47	7.34	346.03	340.79	339.07	338.91	320.67
25	Food Manufacturers (22)	218.99	−0.3	18.32	6.93	6.43	219.66	218.44	217.79	217.61	215.62
26	Food Retailing (13)	386.91	−0.3	12.09	3.99	9.83	388.08	384.36	382.91	381.64	320.92
32	Newspapers, Publishing (12)	443.17	−1.0	21.53	7.21	6.22	447.85	450.96	450.27	449.30	435.76
33	Packaging and Paper (15)	122.09	−0.6	28.64	10.69	4.07	122.77	124.46	124.69	124.55	133.99
34	Stores (44)	234.76	−1.0	13.09	5.36	9.98	237.18	236.94	234.09	234.50	236.85
35	Textiles (21)	119.61	−0.5	26.19	12.88	4.65	120.24	120.13	119.35	118.34	156.43
36	Tobaccos (3)	223.85	−0.2	25.64	10.40	4.44	224.34	221.36	221.85	221.87	242.25
37	Toys and Games (5)	27.75	+0.4	8.10	13.74	28.53	27.64	27.99	27.99	27.99	65.73
41	OTHER GROUPS (98)	218.94	−0.5	15.98	7.14	7.50	219.97	221.17	220.22	219.71	210.33
42	Chemicals (16)	294.41	−0.1	18.00	8.24	6.49	294.88	300.16	299.18	298.95	293.76
43	Pharmaceutical Products (7)	227.58	−1.4	11.03	6.09	11.22	230.89	233.34	232.77	230.16	234.77
44	Office Equipment (6)	103.38	−1.9	19.76	8.02	5.91	105.37	104.92	102.01	103.61	121.30
45	Shipping (10)	573.99	—	13.28	6.36	9.19	574.07	565.10	558.30	558.72	473.88
46	Miscellaneous (59)	280.54	−0.1	16.52	6.64	7.38	280.93	279.94	279.69	278.96	249.18
49	INDUSTRIAL GROUP (488)	251.73	−0.6	16.28	6.52	7.41	253.30	252.79	251.02	251.14	241.08
51	Oils (12)	873.85	+0.1	27.50	6.02	4.05	873.08	884.37	869.74	881.65	721.36
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (109)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed., Oct. 8	Day's change %	Tues., Oct. 7	xd adj. today	xd adj. 1980 to date
1	Under 5 years	107.53	+0.04	107.49	[illegible]	[illegible]
2	5-15 years	113.88	−0.22	114.14	[illegible]	[illegible]
3	Over 15 years	120.37	−0.25	120.03	[illegible]	[illegible]
4	Irredeemables	133.36	−0.66	134.25	[illegible]	[illegible]
5	All stocks	113.47	−0.16	113.65	[illegible]	[illegible]

FIXED INTEREST YIELDS — British Govt. Av. Gross Red.

			Wed., Oct. 8	Tues., Oct. 7	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Wed., Oct. 8 Index No.	Yield %	Tues. Oct. 7	Mon. Oct. 6	Friday Oct. 3	Thurs. Oct. 2	Wed. Oct. 1	Tues. Sept. 30	Mon. Sept. 29	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	53.80	13.78	53.81	53.79	53.72	53.71	53.98	53.80	53.80	57.37
16	Investment Trust Prefs. (15)	51.52	14.14	51.62	51.52	51.52	51.52	51.78	51.78	51.78	50.16
17	Coml. and Indl. Prefs. (20)	67.53	15.27	67.69	67.82	67.85	67.91	68.18	68.12	68.12	68.24

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

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EQUITIES

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FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

NOTES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

COMMONWEALTH AND AFRICAN LOANS

91	82¼	Aust. 5½pc '81-82	89¾	......	6.14	14.68
85¼	72½	Do. 6pc 1981-83	84¾	–¼	7.30	13.09
67	53	N.Z. 7¼pc 1988-92	67	......	11.16	15.17
82	72	Do. 7½pc '83-86	82	......	9.42	12.60
96¼	86	Sth. Africa 9½pc 79-81	93¼xd	......	10.06	15.38
160	95	S. Rhod. 2½pc Non-Ass.	104	+1	—	27.09
169	133	Do. 6pc 78-81 N.-As.	148	+1	—	25.94

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Hire Purchase, etc.

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INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

LEISURE

OIL AND GAS

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28	21	Acmex 50c	26	......	—	—	—
24	12	ACM 20c	18	......	—	—	—
152	52½	Bond Corp.	135	......	Q7½c	ϕ	2.9
156	88	Bougainville I Kina	118	+2	[illegible]	1.0	11.3
*347	221	CRA 50c	301	−2	tQ15c	2.1	8.7
25	11½	Canada Northwest	17	−½	—	—	—

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

SHIPPING

OVERSEAS TRADERS

Tins

Copper

Miscellaneous

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
17	12	Burma Mines 10p	15	......	0.62	1.1	6.0
287	53	Colby Res. Corp.	270	+6	—	—	—
502	250	Cons. Murch. 10c.	258	......	t030c	1.8	6.9
180	80	††Hemerdon 10c.	105	......	—	—	—
585	325	Northgate C$1	520	+10	—	—	—
*486	322	R.T.Z.	442xd	−8	t16.0	3.2	5.2
49	16	Rabert Mines	46	−3	—	—	—
114	91	††SPO Minerals 10c	114	+2	—	—	—
58	26	Sabina Inds. C$1	45	+1	—	—	—
51	31	††SWCM 10p	42	......	—	—	—
650	411	Tara Exptn. $1	565	......	—	—	—

SHOES AND LEATHER

SOUTH AFRICANS

RUBBERS AND SISALS

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ⁑ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

TEXTILES

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

PROPERTY

INSURANCE

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

IRISH

OPTIONS

3-month Call Rates

Gen. Accident	21	Rank Org.	15	Shell	35
Gen. Electric	38	Reed Intnl.	16	Tricentrol	40
Glaxo	18	Sears	5	Ultramar	35
Grand Met.	12	Tesco	6		
G.U.S. 'A'	34	Thorn	23	Mines	
Guardian	23	Trust Houses	12	Charter Cons.	14
G.K.N.	20	Tube Invest.	23	Cons. Gold	40
Hawker Sidd.	15	Unilever	40	Lonrho	8
House of Fraser	15	U.D.T.	5½	Rio T. Zinc	35

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

FINANCIAL TIMES
Thursday October 9 1980

Oil price rises 'will hit Third World aid'

By Peter Montagnon

COMMERCIAL banks will be unable to meet the external financing requirements of developing countries by 1985 unless there is no further real increase in the price of oil after next year, a leading international bank has warned.

In the latest issue of its publication World Financial Markets Morgan Guaranty Trust said even even a price increase which *in real terms was in line with* OECD growth rates would still leave developing countries with a greater aggregate external payments deficit than the banking system could finance.

To meet their requirements banks would have to expand international bank lending faster than the growth in banks' capital and their domestic lending. This would lead to an excessive concentration of risks in a handful of major borrowing countries.

There would thus be a financing gap, which would be even greater in the event of a surge in the real prices of oil, Morgan Guaranty said. On the assumption that oil prices rose in line with growth rates in OECD countries the shortage of funds would amount to $14bn (£5.85bn) by 1985 for the 12 largest Euromarket borrowers in the developing world.

A surge in oil prices could increase the gap to as much as $70bn.

The developing countries would then be forced to seek finance from non-bank sources *such as the International Monetary Fund.* But if such finance was not available they would have to curb severely their economic growth.

Such a move would reinforce recessionary forces in the industrialised countries by choking off crucial export markets in the Third World.

● Denmark will need to borrow *between Kr20bn and Kr22bn* (£1.5bn-£1.6bn) abroad annually for the next four years to cover its current balance of payments deficit, aid to developing countries, and repayments of public sector foreign debt, according to the official financial survey published yesterday, writes **Hilary Barnes in Copenhagen.**

Previously, about half the country's foreign borrowing requirement has been covered by the private sector.

Bond Markets, Page 32

Continued from Page 1

Prior resists

today's important debate on the economy. Sir Geoffrey Howe, Chancellor of the Exchequer, will have the task of defending the Government's overall strategy and calling on the *party faithful to maintain their* trust for a further year. On the evidence of yesterday it might not be an easy task.

Christian Tyler writes: Mr. Prior would not be drawn after his speech on his further plans for trade union reform nor on the agenda for next week's meeting with TUC leaders in Downing Street, except to stress the need *for a continuing dialogue, probably* in the tripartite National Economic Development Council.

But the Green Paper to which Mr. Prior referred is expected to contain ideas for further limits on industrial action. Even so, the political calculation is that these would not need to be translated into law—thus provoking further conflict with the unions—*unless there is an* explosion of unrest this winter.

There appear to be two front runners for discussion, both hinted at by the Employment Secretary in past months. One is a CBI demand for legally enforceable agreements with unions designed to make sure that wage deals run their full course without industrial action and that the present voluntary *procedures for solving disputes*—often bypassed by employers and unions alike—are made mandatory on both.

The other is further to circumscribe trade union immunity from civil actions for damages by making the immunity dependent on a majority vote in secret ballots before strikes are called.

But the fundamental proposition for legislation a year or two hence could be to rewrite labour law to remove the concept of immunity (which both sides of industry dislike for different reasons) and substitute a positive right to strike in circumstances already defined by the Employment Act 1980.

The argument for this approach is that it would help employers accept the limits of their legal redress against strikes and at the same time dissolve the dangerous antipathy felt by unions for judges and the courts.

Unions would, it is argued, learn to see the judiciary as the guardian of trade union rights rather than of employers' commercial contracts.

U.S. ready to send 'defensive' military aid to the Gulf

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. is prepared to send "defensive" military equipment to nations in the Gulf provided they remain neutral *in the current conflict between* Iraq and Iran.

State Department officials yesterday said that U.S. ambassadors in the region had already begun preliminary talks with the governments of Saudi Arabia, Oman, Kuwait and the United Arab Emirates on their needs in the event of the Iraq-Iran war widening and an "*unprovoked*" *assault being* launched on any of them.

The U.S. has also offered to make available to such nations, intelligence data gleaned from the four advanced warning and control radar aircraft (ATACS) dispatched to Saudi Arabia last week.

Officials emphasised that any U.S. military equipment sent to *the Gulf must not be re-*exported to support either of the combatants.

The Carter Administration is going through with plans to supply Jordan with 100 tanks despite an apparent setback in efforts by the U.S. to encourage King Hussein's neutrality in the Iran-Iraq war.

The State department said that delivery of the 100 tanks, with special night-sights, would begin in July 1983 and be com*pleted within four months.*

This follows strong Jordanian backing for Iraq.

Last night in Boston, Mr. Warren Christopher, the Deputy Secretary of State, made it clear thatt he U.S. was deeply concerned over what might happen if Iraq captured, and held on to, Iran's major oil producing province, Khuzestan. This, U.S. *experts believe, is within the* power of Iraqi forces to accomplish.

If this happened, Mr. Christopher said, "the nature of the conflict would be fundamentally altered — and the dangers dramatically sharpened." The potential stranglehold that Iraq would thus obtain over Iran's economic *lifeline could, the U.S. believes,* lead either to the collapse of Iran—with ample opportunities for Soviet exploitation—or to even more bellicose unity behind the present regime in Tehran, which may strike out against other nations in the area.

U.S. officials say the offer of additional military supplies constitutes no shift in U.S. policy, but is consistent with President Jimmy Carter's *declaration, in his state of the* union message last January, to protect vital American interests through military means if necessary.

The State Department said there was no evidence Jordan was funnelling arms to Iraq. However, U.S. officials reported that a flotilla of East European, Indian and Lebanese ships had been *diverted to Aqaba, the* southern Jordan port, with food, cement, radio batteries and possibl ymilitary equipment.

Mr. Christopher saidl in his speech that the U.S. would "respond to requests for assistance from non-belligerent friends in the area." Yesterday State Department officials declined *to say if any such requests had ben received, nor* would they speculate on what sort of "defensive" equipment might be made available.

However, the U.S. willingness to provide arms does reflect a recognition of a new reality not so apparent in January.

His warning then was directed at the Soviet Union, in the wake of its invasion of Afghanistan. The security of the oil producing gulf is now threatened by a conflict between two countries in the region.

Thus both Mr. Christopher and State Department officials noted thata the Soviet Union had supported the United Nations effort to bring about a ceasefire, but both complained that official Russian broadcasts were trying to convey the impression that the U.S. had "taken sides" in the conflict.

"*Our present understanding,*" said Mr. Christopher "is that the Soviet Union, like the United States, supports an early end to the war."

Our foreign staff adds: The U.S. move comes as Iraq continues its protracted offensive into Iran's oil-producing region of Khuzestan along their joint border.

Iraqi troops, haveng occupied most of the vital Iranian port of Khorramshahr on the Shatt al-Arab waterway turned their assault on to the giant Iranian oil refinery at Abadan. A vast column of smoke darkened the sky as the refinery, one of the largest in the world, was pounded by Iraqi bombs.

Japanese to curb motor exports to W. Germany

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPANESE motor manufacturers will reduce their exports to West Germany in the final three months of 1980, bringing their share of the market to below 10 per cent for the year as a whole.

This is the message which *Mr. Naohiro Amays, Vice-*Minister for International Relations at the Ministry of International Trade and Industry, will take with him to Brussels and Bonn this weekend, in a mission designed to ease rising trade tensions.

The Japanese decision to restrain exports to West Germany, following the recent adoption of similar measures in the U.S., means that all the main western markets for Japanese cars are restricted.

A "gentleman's agreement" has regulated Japanese car exports to Britain for some years, while France and Italy maintain unilateral restrictions on imports from Japan.

*MITI strongly denied yester*day that Japanese car makers had been told to cut their exports to any specific level. In the industry, however, it was confirmed that MITI had called for "prudence" in the West German market, and that this message was being heeded. Prudence, in the context of UK-Japan trade relations has come to be regarded as a code word for keeping car shipments down to informally agreed levels.

German motor manufacturers have been calling for several months for self-restraint from the Japanese car industry, but have resisted calling for any direct protectionist measures from the government.

Count Otto Lambsdorff, the Federal Economics Minister, has already stressed that Bonn would in any case be unwilling to put such pressure on Tokyo.

The German car industry has become increasingly anxious, however, about the surge of Japanese car imports, which have almost doubled their market share in the Federal Republic in the first eight months this year to 9.9 per cent compared with 5.4 per cent in the corresponding period of 1979. Total imports are now taking 27.7 per cent of West German car sales against 24.5 per cent in the first eight months last year.

In August, an abnormal month because important German motor works were closed down for the summer break, Japanese imports took more than 15 per cent of the German market.

A feature of Japan's response to the West German situation which differs from its handling of trade problems with the UK is that the Germans are being told unilaterally of Japan's decision to exercise restraint whereas with the UK the message has been conveyed at bilateral industry-level meetings.

The twice-yearly UK-Japan industry meetings have had the effect of "institutionalising" restraints on Japanese car sales to Britain. The Japanese want to avoid this in the case of West Germany.

Japan agreed to the regular talks with Britain partly because it was felt that the UK industry was in a crisis which justified special measures. The same feelings do not exist about the West German motor industry.

Mr. Amaya's mission to *Brussels and Bonn (where he* will spend Monday and Tuesday of next week) will be followed on October 27 by a one-day visit to Brussels by Dr. Saburo Oktia, the Japanese special trade representative. It is hoped in Tokyo that Mr. Amaya and Mr. Okita will be able to mend what are seen to be Japan's badly damaged fences with the EEC.

The Japanese are anxious to head off the increasing possibility of a joint approach by all the EEC countries.

So far, however, the German manufacturers have held out against any move by the Community as a whole, but it is clear that once the Japanese car imports begin to take sales away from domestic manufacturers in Germany they might reconsider the position.

Spain moves on EEC negotiations

By Robert Graham in Madrid

SPAIN HAS accepted that the delicate question of agriculture should be put to one side to help the negotiations on the terms of its entry into the European Community.

This has already been made known to the EEC Commission and France, but was made public for the first time in Madrid yesterday by Sr. Eduardo Punset, the recently appointed Minister for Europe.

Addressing a conference organised by the Financial Times in conjunction with INI, the Spanish state holding company, and the Instituto de Empresa, Sr. Punset said delays in tackling the issue of Spanish agriculture should not affect other aspects of the negotiations. These could be negotiated without prejudice to Spain's overall position on accession.

He said it was better to consider legislative and technical matters now than negotiate them at the last minute.

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Lucas CAV to supply GM with diesel fuel injection equipment

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LUCAS CAV has made an important breakthrough in the U.S. diesel engine fuel injection equipment market with a contract to supply General Motors with the UK group's Microjector for all its diesel cars.

The business will be worth about £20m a year when output builds up in about 18 months' time.

Because of the deal Lucas CAV is to spend $30m (£12.5m) to build and equip a Microjector plant on its existing site at Greenville, South Carolina.

The capacity at the Microjector plant in Ipswich, UK, is to be doubled over the next year or so at a similar cost. All the extra output from Ipswich is scheduled to go to GM in the U.S.

The Microjector is a miniature diesel fuel injector developed by Lucas CAV especially for the high-revving diesel engines used in cars. It weighs less than two ounces and is only two-and-a-half inches long.

These characteristics enable *smaller cylinder heads to be* designed, thus achieving considerable overall weight savings on the engine.

GM, the world's biggest vehicle maker, was the first to use Microjector, awarding an initial contract last year. It was also attracted by the fact that the equipment helps cut exhaust emissions and engine noise and meets U.S. environmental standards for at least 50,000 miles, after which replacement is simple.

GM will produce about 300,000 diesel cars this year, rising to 500,000 in 1981. The group says that by 1985 at least 20 per cent of its cars will have diesel engines—its output is about 5.5m cars a year.

The Greenville site houses a Lucas CAV engineering facility, to enable U.S. designers and engineers to co-operate with Lucas on development work "in their own backyard."

Greenville will be on stream in time to supply equipmegt to GM for the 1981-82 model year starting next July. It will be able to supply about one third of the total output of Microjector.

The Ipswich plant will supply the rest. It was set up near the main fuel injection facility at Sudbury, Suffolk. Lucas CAV has invested about £20m over the past three years to update the Suffolk plant.

British Shipbuilders changes top men

BY WILLIAM HALL, SHIPPING CORRESPONDENT

MR. ROBERT ATKINSON, the newly-appointed chairman of British Shipbuilders, has announced a major reorganisation of the corporation's senior management. It involves the biggest management reshuffle since the industry was nationalised in 1977.

The corporation has been divided into five groups. Each group will be under the chairmanship of Mr. Atkinson, led by its own chief executive and financial controller. The new structure replaces the previous regime in which there was a considerable overlap of responsibilities.

Mr. Derek Kimber, chairman of Austin and Pickersgill, will take charge of the merchant yards of A. and P. Govan, Smith's Dock and Sunderland. Mr. John Steele, chairman of Swan Hunter, will oversee his own yard and Cammell Laird and Mr. Jim Venus, currently an adviser, will take charge of the small yards.

Continued from Page 1

Steel

are likel yto be imposed.

A meeting in Madrid yesterday of Eurofer, the organisation containing most EEC steelmakers, agreed to meet representatives of the Commission in Brussels today or tomorrow to discuss the technical arrangements for operating and supervising mandatory controls.

The controls could work effectively only with the industry's co-operation and Mr. Emmanuel Tesch, president of Eurofer, said after the meeting that all assistance would be givento the Commission.

Weather

UK TODAY

SUNNY INTERVALS at first with heavy thundery showers developing. Rather cold.

London, S. England, E. Anglia, the Midlands, N. England.

Bright or sunny at first becoming cloudier with isolated showers. Strong winds. Max. 12C (54F).

Channel Isles, Wales, S.W. England

Becoming cloudy from West with rain later. Wind fresh *becoming light. Max. 12C (54F).*

N.W. England, Lakes, W. Scotland, Ulster, the Highlands

Rather cloudy with bright or sunny intervals and scattered showers developing, heavy in places with hail. Strong to gale force winds. Max. 10C (50F).

N.E. England, E. Scotland

Bright at first, becoming cloudier with showers and fresh or strong N.W. winds. Max. 11C (52F).

Outlook: Changeable and rather cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	22	72	Los Ang	S	21	70
Algiers	F	28	82	Luxmbg.	C	8	46
Amsdm.	F	12	54	Luxor	S	35	95
Barclna.	R	20	68	Madrid	R	16	61
Beirut	S	27	81	Majorca	F	26	79
Belfast	R	7	45	Malaga	F	24	75
Belgrd.	F	26	79	Malta	F	28	82
Berlin	C	12	54	M'chstr.	F	10	50
Biarritz	R	13	55	Melbne.	C	15	59
Bmghm.	F	10	50	Mex. C.	F	15	59
Blackpl.	R	9	48	Milan	Fg	17	63
Bordx.	F	16	61	Mntreal	C	10	50
Boulgn.	F	12	54	Moscow	C	10	50
Bristol	C	11	52	Munich	R	8	46
Brussels	F	10	50	Nairobi	F	25	77
Budpst.	C	13	55	Naples	F	23	73
Cardiff	C	10	50	Nwcstl.	F	10	50
Cas'b'ca	C	23	73	N. York	F	13	55
Cape T.	S	20	68	Nice	C	19	66
Chicago	S	22	72	Nicosia	S	28	82
Cologne	C	11	52	Oporto	C	16	61
Cpnhgn.	C	11	52	Oslo	C	12	54
Corfu	S	26	79	Paris	C	12	54
Dublin	F	10	50	Perth	F	19	66
Dbrvnk.	C	23	73	Prague	C	10	50
Ednbgh.	C	10	50	Reykjvk.	Sn	−1	30
Faro	F	12	54	Rhodes	S	24	75
Florence	R	19	66	Rio J'o	C	19	66
Frankft.	F	12	54	Rome	C	24	75
Funchal	F	22	72	Salzbrg.	R	8	46
Geneva	C	11	52	S F'cisco	S	18	64
Gibraltar	C	22	72	Stckhm.	F	11	52
Glasgow	C	9	48	Strasbg.	F	15	59
G'msey	R	10	50	Sydney	S	18	64
Helsinki	F	11	52	Tangier	C	16	61
Innsbrk.	R	8	46	Tel Aviv	S	27	81
Invrnss.	R	9	48	Tenerife	F	26	79
I.o.Man	C	10	50	Toronto	F	12	54
Istanbul	S	21	70	Tunis	S	30	86
Jersey	C	10	50	Valencia	F	24	75
Jo'burg	S	25	77	Venice	C	21	70
L. Plms.	F	24	75	Vienna	R	10	50
Lisbon	R	19	66	Warsaw	R	11	52
Locarno	C	16	61	Zurich	C	9	48
London	F	13	55				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sn—Snow.

THE LEX COLUMN

A stopper on the Rockware payout

Index fell 3.8 to 479.5

The structure of "temporary" help given to the money markets earlier this year is proving very hard for the Bank of England to dismantle—yesterday yet another gilt-edged stock repurchase agreement with the banking system was rolled over for a further month. The Bank is clearly anxious to avoid tight money markets on the monthly bank make-up day next Wednesday which might result from the continuing shortage of reserve assets. But the shortage is attributable to the rapid expansion of the banking system relative to the discount market, which is the major source of marginal reserve assets. The rollover of special help does nothing to address the underlying problem.

Rockware

Memories of Coats Patons' traumatic brush with the investment institutions in 1975 are evoked by Rockware's decision *to omit the interim dividend* (of 2.33p net a share last year) despite an improvement in first *half pre-tax profits from* £1.2m to £3.52m, and the achievement of earnings for the period of over 14p a share. There is a big difference, however, in that Rockware is facing losses in the current half-year, what with £3m of redundancy costs, a rising interest charge which is likely to be significantly more than the £2.5m of January-June, and very difficult trading conditions.

The first half profits improvement was achieved against a severely strike-hit comparable performance, and seems to have reflected a level of output which in the event was unjustified. After a poor summer, glass container stocks have piled up to the extent of 10 weeks' produc*tion—at least 25 per cent more* than normal—and customer destocking continues apace. Debt was some £28m at the start of the year and has clearly been rising quickly—although Rockware says not to the full extent of the further £10m of term debt negotiated since January.

Faced with another substantial rise in the debt-equity ratio this year—book net worth was £58.7m last December—Rockware feels it is worth saving the £¾m cost of the interim payment, including associated ACT. It is not adopting the more usual policy of paying up, gritting its teeth and hoping that things will look better by next spring. The danger it faces is in its share rating—at 63p, down 7p, its shares have underperformed the market by a third in the past three months and the market capitalisation is only £13.9m. But maybe a company which is slashing its workforce by a seventh feels obliged to make shareholders join in the suffering.

News International

Despite the generally difficult conditions in the printing and publishing industries, News International has beaten its forecast of roughly unchanged profits for the six months to June by £1m. It has come out with £13.2m *pre-tax after a* £1.6m recovery from loss in the associate businesses, largely the American newspaper interests.

Since the end of June (the company is now switching to a June year-end, in line with its Australian parent News Ltd) there has been an outbreak of cut-throat competition between the New York papers, while in the UK the paper-making interests have had a difficult time. Still, advertising seems to be holding up reasonably well, particularly at the News of the World, and the Sun has just *pushed through a 2p rise in its* cover price.

The London stock market has been almost too busy working out the status of the new special dividend shares in News International (issued as a result of the reorganisation of the News group) to concentrate on the group's performance. The new shares have the same income rights as the parent company's ordinary shares, comparable capital rights, but no votes. After some institutional selling, a discount of roughly 35 per cent to the News Ltd ordinary has been established—yesterday the special dividend shares fell 4p to 91p, where the prospective yield is nearly 8 per cent, reflecting the general weakness of the Australian market. It is curious that the fund managers, who were mostly not disposed to use their voting rights to block Mr. Rupert Murdoch's reorganisation plans in the summer, should now ascribe so much value to a vote.

Empire Stores

Unlike Grattan, Empire Stores decided to absorb increased postal charges rather than slap a price premium on its spring/summer mail order catalogue. The £¼m cost has undoubtedly been a sizeable ele*ment in the fall of a third in* pre-tax profits to £2.3m at the halfway stage. On the other hand, volume has *held* steady, so the tactic has brought some increases in market share. On the evidence of the first half, therefore, Empire seems to have fared marginally better than Freemans, in spite of the similar drop in profits reported on Monday.

But, with the autumn catalogue reflecting the increased postal charge, Empire's volume decline in the second half promises to be just as great as Freemans', at about a tenth. And the share price dropped 10p yesterday to 130p. It is reassuring that, with stocks under control, net debt of £18½m last January will be only a little *higher by the end of the year.* Nevertheless, debt is approaching half capital employed so the company may be looking for new equity to help finance increased debtors when demand recovers. The prospective p/e of about 15¼, fully-taxed, and yield of 5½ per cent compare closely with Freemans'.

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